United Nations

A/53/PV.5

General Assembly

Fifty-third Session

5th plenary meeting
Thursday, 17 September 1998, 4 p.m.
New York

Official Records

President: Mr. Opertti .... (Uruguay)

In the absence of the President, Mr. Chkheidze (Georgia), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 93 *(continued)*

Sustainable development and international economic cooperation

(d) Renewal of the dialogue on strengthening international economic cooperation for development through partnership

High-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications

The Acting President: I give the floor to the Permanent Representative of Bangladesh.

Mr. Chowdhury (Bangladesh): We have engaged ourselves in a dialogue on the impact of globalization and interdependence and their policy implications. The current international context provides an opportunity for serious reflection. We hope that the collective wisdom gained through our deliberations will lead to the adoption of policy measures which will create a world with much less uncertainty and upheaval than we have experienced to date.

Globalization and liberalization were at one time presented as universal panaceas of benefit to developed and developing countries alike. It became quickly apparent that their benefits did not come without costs. Soon, it was realized that the cost was almost totally confined to the majority of developing countries. The most vulnerable countries stood to bear the major adverse impact.

The developing countries have been subjected to a series of economic crises, ranging from debt crisis to financial crisis. This indicates that, for most of them, the costs outweigh the benefits. The recent financial turmoil has caused major economic difficulties in a large number of developing countries, while the industrialized countries have been largely spared.

It is our major concern that, for most developing countries, the economic reform measures that led to a greater global integration did not diminish the gap between the rich and poor countries. Indeed, the disparity has widened, both between countries and among the rich and poor within countries.

An important factor that has contributed to the financial turmoil is hasty economic liberalization. A large number of countries opened up their economies to rapid capital influx. Their institutional development failed to keep pace with the change. This gives us cause for reflection. Financial integration is a much more complicated process than trade liberalization.

The Assembly should seriously reflect on this vital issue as it considers financing for development. We should emphasize the development of mature institutions,

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including legal provisions, regulatory mechanisms and development of supervisory capacities. This should be supported by an adequately responsive international financial regime capable of preventing such crises and containing their effects, including possible contagion across countries and regions.

The weakest countries remain most vulnerable, due to their lack of financial and institutional capacity to handle such external shocks, the impact of which is magnified in the current context of declining external assistance, falling official development assistance and unbearable debt burden. The situation has been aggravated by declining commodity prices.

The impact of all this on the eradication of poverty will be extremely damaging. The decline in primary commodity prices will result in lower returns for producers and will greatly reduce their earnings. The most seriously affected countries will be the least developed. The fall in income will seriously affect the ability of the Governments of the least developed countries to provide for relief and rehabilitation needs in the event of disaster. In certain countries, the loss of exports will result in a loss of jobs, in particular where there is a growing industrial sector employing a large number of workers. Many of these industries employ women. There will be a further accentuation of the feminization of poverty due to their loss of jobs.

It is important to have emergency action programmes to shield the weakest economies, particularly the least developed countries, from the consequences of global economic turbulence. The following broad components should be considered on a priority basis: first, safety-net measures, including emergency assistance, such as food aid to support vulnerable segments of the population; secondly, balance-of-payment supports to severely affected countries; thirdly, an immediate increase in the level of official development assistance; fourthly, a significant reduction of external debt on an urgent basis, while pursuing serious efforts at a decisive reduction of the debt burden of the least developed countries; fifthly, compensatory measures to cover shortfalls in earnings from primary commodity exports and reduction in remittances; and, finally, the immediate lifting of trade barriers affecting the least developed countries. We need to formulate policy options to take care of these pressing priorities.

The doctrine of globalization has far-reaching economic and social consequences for the developing countries, particularly for the least developed. Emphasis on the role of unfettered markets has displaced the key principle that underpinned earlier multilateral discussions and negotiations on economic issues. The costs have been profound, but the benefits are difficult to rationalize. The vulnerable countries are ill-prepared to absorb the shocks of liberalization and are experiencing the pains of integration. Genuine international development cooperation should be reinstated in justified earnestness on the international development agenda.

The Acting President: I give the floor to the Permanent Representative of Senegal.

Mr. Ka (Senegal) (*interpretation from French*): By convening, as a prelude to the general debate of the fifty-third session, this high-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications, we are certainly addressing, in advance, one of the major issues to be raised at this session.

Economic and financial turmoil, as well as the risks of marginalization that accompany the globalization process, very clearly indicates that this phenomenon — above and beyond its short-term dimension — deserves a long term approach, both in our discussions and in the collective joint action taken by the international community. Indeed, in a world that has become a global village, the interdependence of economies is an objective fact, rendering obsolete any individual or selective approach to the challenges of globalization.

Globalization appears to be a process evolving along lines that stress two diverging trends — one bringing opportunity, the other rightly viewed with great apprehension because of the dangers of marginalization and exclusion it poses to the large majority of developing countries.

But because living with globalization is now a fact of life that no one can evade, we need to prepare ourselves and to master this phenomenon. I believe that this is the main interest of the exercise that has brought us here today: to seek, together, individual and collective responses to the challenges of the international economic system.

The basic driving forces of this phenomenon are known. They lie, *inter alia*, in the swift circulation of information; in the ongoing liberalization of factors of production; in the widespread tendency to deregulate national economies; and in particular in the unprecedented expansion of multinational corporations supported by enormous private investment. Furthermore, we live in a world where technological advances are increasingly reducing physical borders to their most basic form. Never in the history of humankind has the international system appeared so open and so integrated.

The adoption of the Marrakesh Agreement presaged the advent of an era of prosperity wherein opportunities brought about by the liberalization of trade and the establishment of a multilateral trading system based on transparency, predictability and the primacy of the rule of law were to guarantee all countries a clear improvement of economic prospects.

The series of major international conferences held during this decade also seemed to indicate that the international community would finally find in their various consensus plans of action a common response to sustainable development patterns and that we could legitimately hope to stride confidently into the third millennium. Nevertheless, while everyone agrees about the expectations and the enormous potential of globalization, the facts prompt us today to take a more critical view of this phenomenon.

Globalization is still unknown in many developing countries and is a source of apprehension, even a necessary evil. While these countries must share the risks of globalization, the opportunities offered by globalization are not shared equally. This is the case in the area of trade, for example. Whereas opening up to the outside world is one of the basic principles of the new multilateral trading system, many tariff and non-tariff barriers continue to hamper access to external markets for the commodities of developing countries.

In this connection, the 1998 report on the world economic situation indicates that in a number of countries the adjustments in foreign trade, far from increasing income and jobs, have, to the contrary, reduced them. The same goes for the distribution of foreign private capital. In an environment marked by an unprecedented reduction in official development assistance, foreign private investments — 95 per cent of which are concentrated in a mere 26 countries — do not constitute, for all, a reliable way to stimulate sustained economic growth and sustainable development. We might add other examples that are linked to the reduction of international cooperation for development, such as the problem of debt and the failure to honour financial commitments to implement the major plans of action that emerged from the international conferences held in this decade.

While emphasizing the negative impacts of globalization that have to do with the international environment, the delegation of Senegal would certainly not wish to ignore the domestic side of our debate. Indeed, we are convinced that living with globalization and benefiting from the opportunities it brings means that there must inevitably be an effort to adapt at the national level. Peace and political stability are indeed necessary conditions for this, but they are not enough. We must also define a competitive macroeconomic framework which is sound and transparent. We need to guarantee the primacy of the rule of law, simplify administrative procedures and modernize the machinery of state, as well as transportation and communication infrastructures. In short, we need to forge a competitive mentality. It is in that spirit of competition that we need to maintain and strengthen this approach.

In essence, however, between the disillusionments of the welfare state and the obvious limits of market mechanisms, the response to the challenges of globalization might be to try to look for some middle ground which simultaneously combines the power of public service and the vitality of the private sector. Given the changes taking place and the questioning of society's traditional regulatory mechanisms, there is no doubt that in the crucial areas of combating poverty, protecting the most vulnerable sectors of our populations and providing basic social services, the historic role of the State remains more indispensable than ever. It seems to us that the consolidation of the process of integration at the regional and subregional levels through the creation and strengthening of major economic systems offers a credible solution, given the small size of many national markets.

It must be stated once again that in order for these efforts to be productive and effective they need to be backed up at the international level by concrete measures aimed at restoring the balance of trade, achieving a lasting global solution to the debt crisis and increasing official development assistance.

In conclusion, I would like once again to emphasize the example of Africa. I believe that it is important to change our perception of that continent, a perception consisting of misleading clichés that reduce Africa to a mere zone of conflicts and humanitarian relief. That simplistic vision of things is sure to maintain confusion about Africa and to make investors nervous. It is high time we created a more accurate view of African realities by drawing attention to what I would call the "peaceful majority" of African States, which are politically stable and economically credible in view of the major advances they have made and their new prospects for participating in the worldwide trade in ideas, goods and services.

In order for that new Africa to be a part of economic globalization it needs a more humane approach towards globalization, with the education of its peoples, the promotion of certain values of justice and solidarity and the growth of its development potential. It is by helping developing countries — in particular those in Africa — connect to the developed world's network of prosperity and opportunity that the future of our planet will be firmly and definitively secured.

That is the whole point of our debate and the basic reason underlying our deliberations on renewing the dialogue on strengthening international cooperation for development through partnership.

The Acting President: I give the floor to the Permanent Representative of Pakistan.

Mr. Kamal (Pakistan): Allow me to congratulate Mr. Opertti on his election as the President of the fifty-third session of the General Assembly. This unanimous election is a recognition of the important role that Uruguay has played in the United Nations. It is also an expression of the confidence that the Members of the United Nations have in his abilities.

May I also take this opportunity to thank his predecessor for his effective leadership during the last session of the General Assembly and for the role he played in organizing this high-level dialogue.

I should like to fully associate myself with the statement made by the Foreign Minister of Indonesia, Mr. Ali Alatas, on behalf of the Group of 77 and China.

We live in an increasingly interdependent world. Our interdependence is increasing through international legally binding commitments, the adoption of policies reaching across national borders, enhanced trade and financial flows, and markets which have become fully integrated on a global scale.

While this financial integration has resulted in a dramatic increase in private investment flows, it has also compounded economic vulnerabilities. The succession and spread of crises in the past year have highlighted the volatility of such flows as well as the serious liquidity problems that can emerge from such volatile finances.

However, there have been undeniable positive effects of globalization and liberalization, manifest in the remarkable growth in trade and investment flows in recent years. A number of developing countries have achieved per capita incomes closer to those in the developed countries. But these opportunities have been accompanied by serious challenges for developing countries.

We have seen the downside of globalization. First, the increased trade and investment flows witnessed in recent years have bypassed the majority of the developing countries. Secondly, the prosperity of those who apparently benefited from these phenomena has proved to be fragile. Thirdly, globalization has been accompanied by an accentuation of income disparities among and within countries, with obvious negative implications for the welfare of large segments of our populations. Fourthly, the market forces unleashed by globalization have not helped the developing countries in their efforts at integration into the world economy. And fifthly and finally, integration into global markets has exacted a very heavy cost, especially since there are no adequate safety nets for countries faced with economic difficulties.

The accumulation of the side effects of globalization could lead to a new set of class divisions: divisions between those who prosper in the globalized economy and those who do not; divisions between those who share its values and those who would rather not; divisions between those who can diversify its risks and those who cannot. This is not a pleasant prospect, even for those who are on the winning side of the globalization divide. The deepening of social and economic fissures will harm us all.

Halting or reversing globalization is both unrealistic and undesirable. Yet globalization is not a take-it-or-leave-it phenomenon. It can be managed to serve the interests of all. However, as a result of globalization and growing interdependence, an increasing number of issues cannot be effectively addressed by countries individually. We therefore need a global response to a global challenge.

The challenge is twofold: first, the inclusion of everyone in the process of managing globalization; and secondly, the maximization of benefits for everyone and the minimization of the negative impact of globalization, particularly on developing countries. To meet this challenge, we need to evolve mechanisms, policies and institutions to manage globalization for the benefit of all.

To harness the potential of globalization, we were able to come up with an agreed Agenda for Development. It is now time to launch a comprehensive dialogue to operationalize that Agenda. To ensure that the Agenda for Development is not merely another addition to the United Nations bookshelf, we should launch a global dialogue for global prosperity and well-being and build a partnership to provide the means for the implementation of that Agenda.

There are certain priority areas that need urgent attention. First, priority should be given to strengthening the capacity of multilateral institutions to address the issues of trade, finance, and development in an integrated manner. Secondly, the institutions responsible for rule-making in the globalization process, namely, the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank, should be made more democratic and more transparent. Thirdly, a serious attempt must be made to address the perennial issues of debt, access to technology, and development finance. Unless there is progress on these systemic and fundamental equity issues, it is doubtful that any significant advance can be made to improve the social conditions of the majority of the world's population. And fourthly, the rules regarding international trade must take into account the great disparity in the ability of developing and developed countries to compete in global markets.

Our collective efforts to evolve mechanisms and policies to manage globalization cannot be delayed. Without sounding like a prophet of doom, we must note that we are on the verge of a global economic crisis with serious social consequences. We should therefore without delay initiate a serious dialogue to turn the tide of globalization to serve the cause of development, peace and prosperity for all.

To initiate this dialogue at the earliest possible time, we may consider convening a resumed session of the fifty-third session of the General Assembly at the ministerial level to address this issue.

The Acting President: I now give the floor to the representative of the Republic of Korea.

Mr. Lee See-young (Republic of Korea): In view of the recent international economic turmoil, today's high-level dialogue on the theme of the social and economic impact of globalization could not be more opportune. Indeed, globalization has changed the world so profoundly that no country is immune to the events taking place in whichever regions of the globe, and financial turmoil, be it in East Asia or in Russia, can reverberate around the world. As globalization has become a prevailing trend of the day, the world needs to respond to it collectively to maximize its benefits and minimize its risks and vagaries.

Over the past two decades, many developing countries have embraced the principles of a global market economy. The end of the cold war also facilitated the integration process of the world economy. In this process, a global economy based on market forces has offered enormous potential. Furthermore, technological advances as well as increased trade and capital flows have opened the door to new opportunities, especially for developing countries. However, globalization and in particular the increasing role of private capital flows now pose new challenges for developing countries. The risk of marginalization is all too real for many of those countries, especially for the least developed countries and many sub-Saharan African countries.

These profound changes necessitate a new paradigm for international development cooperation. We believe that today's high-level dialogue can contribute greatly to the ongoing efforts of the international community in its search for a new partnership for development.

Financial integration is one of the key features of globalization. Indeed, since the Asian financial crisis started in July last year, the issue has loomed constantly in our minds as a reminder of the risks and dangers of the globalization process. It is true that the most affected countries were once regarded as development success stories, showing few outward signs of economic disequilibrium until this recent crisis. However, we are now faced with the necessity to re-examine the promises held out by financial liberalization and the adequacy of the international financial architecture. Despite the sobering experience of the Asian financial crisis, global financial integration seems an inevitable aspect for developing countries in their participation in the globalization process.

The Asian financial crisis has taught us many lessons. A certain number of preconditions are necessary for a country to withstand the disruptions and to enjoy the benefits of open capital markets. They include a sound institutional framework, a well-regulated banking system and efficient capital markets. Moreover, a consensus view is emerging that the liberalization of capital markets should be approached in a prudent and orderly manner.

The need to strengthen the present international financial system is another lesson highlighted by the Asian crisis. More effective monitoring of international capital flows and the development of an efficient early-warning system should be given serious consideration. It would be useful if the international community took into consideration the vulnerability of emerging markets to volatile and aggressive international capital flows. It may take a conscious and collective effort to keep emerging markets from falling prey to the contagion effects of this crisis.

The Republic of Korea, strongly affected by the current crisis, is a case in point of the benefits, opportunities and dangers of globalization. Indeed, despite the enormous economic and social difficulties currently facing it, the Republic of Korea continues to pursue the process of globalization. It, however, requires wise economic policies, a proper institutional framework and good governance. The crisis has compelled my Government to reform the structure of its economy. Our economic reform includes liberalizing our financial markets, overhauling the prudential regulatory system, restructuring corporate governance and increasing the transparency of all sectors of the Korean economy. To this effect, many drastic policy measures have already been introduced and are being implemented.

The key philosophy, long espoused by President Kim Dae Jung, is that democracy and free market principles are inseparable. This philosophy is behind all these reform measures, and my Government is determined to continue the economic reforms this year with a view to establishing a sound basis for durable recovery and restoring full economic stability by 1999.

One of the most beneficial aspects of globalization has been its contribution to the eradication of poverty in many developing countries through economic growth. In fact, the living standards of important segments of the population have quadrupled in a single generation. Nevertheless, questions remain regarding whether market-driven globalization has not left many people behind. The income gap between rich and poor within societies and between countries is widening. This trend poses, not only a moral question, but also political and economic questions as to the viability of the globalization process.

Governments need to formulate policies that will permit broader segments of their population to benefit from globalization. This can be done through increasing investments directed at basic education, social services and critical infrastructure. The Asian crisis has revealed many of these social concerns to be true. In most cases, the hardest hit by the crisis were also the most vulnerable segments of the population: women, children and the poor. Without proper social safety nets in place, human suffering can reach devastating levels. A more daunting aspect of this crisis is the real danger that the progress many of these countries have achieved in poverty reduction could be undone. Economic readjustment programmes must recognize the needs of the poor. Moreover, long-term development objectives must never be forgotten.

The economic crisis in my country has brought on severe social consequences, notably a sharp increase in unemployment. In implementing structural reform, my Government is making every effort to ensure fair burden-sharing among all members of society, crucial in mobilizing public support for the reform process. The Tripartite Committee — made up of business, labour and Government representatives — is an important vehicle for achieving this goal. Also, my Government is now expanding the country's social safety net to protect the poor, as well as newly displaced workers.

Recently, the emphasis on the market has overshadowed the importance of the State and its policies. While the role and function of a State is evolving in an ever changing international political and economic environment, it still plays an important role in shaping the development of society. Sound public policy is more crucial than ever in determining the economic capacities and benefits societies will reap in this globalized system. Moreover, coherence and harmony between the market and the State are fundamental in coping with the challenges globalization represents. This implies that a State, while ensuring fair, transparent and rule-based environments for efficiently functioning markets, must also be capable of providing prudential supervision over market excesses and protecting its population as a whole.

The same logic that is applied to the role of the State can also be applied to the international community in meeting the challenges of development in the era of globalization. Now, more than ever, strengthening international cooperation and partnership for development, based on mutual benefit and shared responsibility, is essential to safely steer our economies towards economic prosperity and social betterment for all.

The Acting President: I would like to inform Members that we still have 26 speakers inscribed on the list. In order to allow the Assembly to hear the remaining speakers, I again appeal to the Member States to cooperate with the understanding that their statements should not exceed seven minutes.

I now give the floor to the representative of Jamaica.

Miss Durrant (Jamaica): The high-level dialogue that begins today represents an important step in the strengthening of international cooperation. My delegation is confident that frank and open exchanges over these two days will yield positive results as we seek to explore the social and economic impact of globalization and interdependence and their policy implications.

I wish to associate my delegation with the statement made by the Foreign Minister of Indonesia on behalf of the Group of 77 and China.

No country represented here has been exempt from the effects of globalization, whether positive or negative. That the United Nations has accorded priority to discussing this issue is significant, as the Organization has a pivotal role to play in stimulating and strengthening international cooperation and partnerships. Indeed, the reality of interdependence dictates collaboration and the adoption of a multilateral approach that takes account of the interests of all States.

Globalization has emerged as the dominant economic theme of this decade. It is not a new phenomenon. In his report on the work of the Organization (A/53/1), the Secretary-General alludes to the fact that interconnected activities on a worldwide scale have existed for centuries, but that globalization as seen in its contemporary form is new. We have witnessed the expansion of economic activities across national boundaries and the deepening of economic integration, increasing economic openness and growing economic interdependence between countries in the world economy. We have also witnessed the rapid development and spread of technology, information, ideas and movement of people across national boundaries.

The trends in the globalization process have presented opportunities for some developing countries which have served to accelerate their rates of development and expanded their options. These relate mainly to the lowering of barriers to world trade, the increasing mobility of transnational corporations, the decentralization of production processes and access to capital markets.

The globalization process has had both positive and negative effects on developing countries. Growth and expansion have taken place in some countries, but in others there has been deterioration and marginalization. Income disparities have increased both among and within countries, unemployment has worsened in many countries and the gap between developing countries as a whole and the developed countries has increased rapidly in recent years. The stark reality is that the benefits of globalization are uneven in their spread.

We in the Caribbean recognize the importance of the process of globalization, but remain concerned about the growing trend towards protectionism, which has affected the levels of market access in goods and services. Market access, for us and for many other developing countries, is one of the most fundamental components of international trade. This remains crucial for the economic development of small economies whose vulnerabilities are intensified by our limited access to markets, narrow resource base, small size, inadequate levels of human resource development and proneness to natural disasters.

The effects of globalization go far beyond the economic implications. Many developing countries have witnessed the perpetuation of poverty and human degradation. My delegation agrees that with the greater reliance on and dominance of market forces, coupled with economic structural adjustment programmes, safety nets at the national and community levels have been eroded along with the provision of basic social services. This has contributed to the increased vulnerability of the disadvantaged. We also agree that globalization must be socially responsible and must have a human face.

The 1998 *Human Development Report* states that human development should be incorporated into the mainstream of the global development debate and that there should be a humanization of development priorities. The report also notes that despite economic difficulties, the world has more than enough resources to accelerate progress in human development for all and to eradicate the worst forms of poverty. Advancing human development is not an exorbitant undertaking. Globalization should therefore seek to focus on the human and social dimensions in order to make the playing field more level than it is at present. The continued marginalization of some countries will serve only to intensify poverty and widen the existing gaps.

How, then, should we address the social and economic impacts of the globalization process? We must realize that participation in the global economy demands that we take stock of the realities of the current international situation and also recognize that the trend towards global interconnection is irreversible. We must therefore seek to strengthen international cooperation in the areas of trade, market access and finance and to encourage the wider dispersion of capital flows, including access to private financial markets.

We must encourage more socially responsible globalization which is based on agreed norms and standards which protect the rights of the individual. We must invest in the development of human resources through education which is geared towards a knowledge-based economy. We must also seek to remove inequalities of access to information and information technology which prevent developing countries from realizing their comparative advantages and their full integration into the world economic system.

We should examine the architecture of the international financial institutions in order to promote the monitoring of capital flows, especially short-term flows, so as to reduce the vulnerability of developing countries to the effects of volatile flows. We should also seek to ensure that there is greater flexibility in the application of policies by these international institutions and greater sensitivity to the needs of developing countries. We have to ensure that there are adequate levels of technical and financial support to enable countries to adapt and adjust to the current global situation.

Finally, we must make globalization work in favour of sustained economic growth and better income distribution in order to achieve sustainable development for all our peoples.

The Acting President: I now give the floor to the representative of Kazakhstan.

Mr. Kazykhanov (Kazakhstan): Allow me, on behalf of the delegation of Kazakhstan, to congratulate Mr. Opertti on his election and to express our conviction that under his wise leadership the high-level dialogue on the socio-economic impact of globalization, and the entire work of the session, will proceed fruitfully and productively.

In a situation of ever increasing interrelatedness of the world economic system and of open borders, the process of globalization that is apparent in all spheres of inter-State relations among States Members of the United Nations exercises an enormous influence on national State systems. Globalization is becoming one of the key factors in the development of today's world. In this connection, great importance attaches, in our view, to the need to strengthen normative, legislative and organizational frameworks in order to ensure the stability and predictability of the world economy. The Secretary-General's report on the work of the Organization rightly points out, *inter alia*, that globalization has an immense potential to improve people's lives, but that at the same time it can also have a negative impact. An example of this has been the lack of regulation of financial markets at the global level, which has led to considerable socio-economic costs not only in Asia but also in the Russian Federation and other countries of the world.

The process of shaping the international trade system, begun 50 years ago on the initiative of the United Nations, has made an unprecedented contribution to international economic growth. An important phase of the development of international trading relations was the Uruguay Round of Multilateral Trade Negotiations.

At the same time, despite the progress achieved in this area, direct and indirect tariff barriers continue to be maintained which affect a considerable number of goods, some of which are important export items for the developing countries. In this connection, there is in our view a need for further multilateral efforts under United Nations auspices, including the continuation of dialogue between the participants in trade relations, and joint activity by United Nations agencies, the Bretton Woods institutions and the World Trade Organization to ensure further liberalization in the sphere of international trade in conjunction with the need to increase technical assistance to developing countries.

The strengthening of international cooperation within the United Nations on economic and social issues is of vital importance to Kazakhstan, above all because of our country's geopolitical situation in the centre of the Eurasian continent and in a region with extensive reserves of mineral raw materials and hydrocarbons. In the course of Kazakhstan's seven years of independence, the system of economic and social relations within the country has totally changed. Macroeconomic stabilization of the economy has had a positive effect on investment activity. There has been an increase in production. The Government attaches priority to developing an export-oriented industrial complex. Kazakhstan is paying great attention to issues of attracting and making effective use of what is one of the most important forms of foreign capital at the current stage: that which enters the country through official development assistance. In this context, cooperation is being developed with a whole series of international financial and economic organizations. Kazakhstan is actively preparing to join the World Trade Organization.

The strategy for the development of Kazakhstan to the year 2030, proposed by President Nursultan Nazarbaev in his message to the people of our country, states that one of the long-term priorities for the development of the republic is economic growth based on the development of a market economy. Kazakhstan's main objective in the external economic sphere is to achieve rapid inclusion in world trade relations, entry into the world markets in goods, services and capital, and utilization of the advantages of the international division of labour. In this context, the joint activities of the United Nations with other multilateral organizations, aimed at promoting the more effective and just functioning of the world economy, is of vital importance to us, as it is to other countries with economies in transition.

The Republic of Kazakhstan, which occupies a vast territory of almost 3 million square kilometres and which is located at a crossroads in the Eurasian region, attaches exceptional importance to solving the problem of access to international trade routes, and, in cooperation with the rest of the international community, is taking appropriate steps in that direction. Of special significance to our country are questions of the development of transport infrastructure in the region of Central Asia. Kazakhstan greatly appreciates the efforts of the United Nations and its specialized agencies and programmes, particularly the United Nations Conference on Trade and Development and the United Nations Development Programme, to develop the transit and transport system in the landlocked States of Central Asia.

An important role in creating favourable conditions for the socio-economic development of States is being played by regional economic organizations. In this connection, our country attaches great importance to the United Nations special programme for the economies of Central Asia developed by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, the purpose of which is to assist the States of Central Asia in increasing their mutual cooperation, stimulating economic development and becoming integrated into the economies of European and Asian countries.

For the purpose of forming a single economic space in the territory of three Central Asian States — Kazakhstan, Kyrgyzstan and Uzbekistan — a programme of joint action has been adopted which provides for harmonization of national legislation, the creation of a free-trade zone and the solution of problems of currency regulation and inter-bank regulations.

Kazakhstan is a member of the regional Economic Cooperation Organization (ECO). For Kazakhstan, which will be acting as Chairman of that organization for the next two years, the activities of the ECO are of great importance. The Almaty Declaration and the other documents adopted at the fifth summit of the ECO, held at Almaty in May 1998, are facilitating the further intensification of cooperation between the States members of the ECO and the creation of a favourable trading climate for the development of links with European and Asian countries.

Kazakhstan is implementing a policy aimed at expanding the organization of trade and economic cooperation with the countries of the Commonwealth of Independent States. The interim agreement on trade and related issues signed between Kazakhstan and the European Union has made it possible to strengthen economic ties with European States.

In his statement at the nineteenth special session of the General Assembly, the President of Kazakhstan, Nursultan Nazarbaev, particularly emphasized that

> "Because of the globalization of international relations, it has become necessary to reject old stereotypes, technocratic approaches and attempts to achieve economic growth at any cost. It is therefore very important to adhere strictly to the principles of the Rio Declaration, ensuring that economic growth takes place only in relationship to processes of social development and environmental security". (*A/S-19/PV.1, p. 24*)

Despite the objective economic difficulties, whose solution requires the concentration of considerable State resources and efforts, the Government of Kazakhstan is nevertheless making an effort to conduct domestic economic activity on the basis of the careful and rational utilization of nature, incorporating environmental-protection requirements into its economic policy. At the State level, Kazakhstan recognizes environmental security as one of the strategic components of national security. Programmes have been developed in Kazakhstan to rehabilitate the dried-up Aral Sea and the former Semipalatinsk nuclear testing ground, and projects for the control of air pollution are being drawn up.

Globalization emphasizes the integrated nature of contemporary world processes. We are convinced that in the conditions of a mutually interdependent world, no problem can be approached only from the standpoint of the interests of any one State. In view of the importance of these processes, we support international efforts aimed at ensuring progress, well-being and security for all, and we welcome the leading role of the United Nations in solving the problems we are considering.

The Acting President: I call next on the representative of Kenya.

Mr. Mahugu (Kenya): The leader of the Kenya delegation will at the appropriate time convey to Mr. Didier Opertti his warm congratulations on his election as President of the fifty-third session of the General Assembly. Nevertheless, I thank him for presiding over this important high-level dialogue on strengthening international economic cooperation for development through partnership. Kenya fully supports the timely decision of the General Assembly to convene this two-day high-level dialogue on strengthening international economic cooperation for development through partnership in accordance with its resolutions 48/165, 49/95, 50/122, 51/174 and 52/186. I also wish to thank the Deputy Secretary-General for her useful opening remarks.

My delegation associates itself with the views expressed by the Minister for Foreign Affairs of Indonesia on behalf of the Group of 77 and China on this important item before the General Assembly at its fifty-third session.

We recognize that growing globalization coupled with the liberalization of the world economy has increased the importance of international cooperation in the achievement of rapid and sustainable development. It is a fact that most developing countries, including Kenya, are still inadequately prepared to cope with this process. Whilst we acknowledge that a truly global economy was presented as the most promising means of spreading the benefits of globalization and liberalization, we observe that it has not lowered the tide of ever-increasing poverty in the world. It is therefore important that every possible effort be made at every level to help create a positive partnership geared towards the eradication of poverty in the developing countries. Therefore, deliberate international cooperation efforts should be targeted to ensure that the benefits of globalization are shared equitably. Without such concerted efforts, the marginalization of weak and poor developing countries will intensify.

External indebtedness continues to be a major obstacle to the development of Africa and the least developed countries. Various debt-relief measures put in place have not gone far enough to overcome this obstacle. Kenya therefore attaches great importance to the urgent need for the implementation of effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, in particular the poorest and heavily indebted countries, and to help them to exit from the rescheduling process. We also strongly call for the fulfilment of the internationally agreed official development assistance target of 0.7 per cent and the provision of new and additional resources for the development of the developing countries.

The United Nations occupies a unique position for dealing with the challenges of promoting development in the context of the globalization of the world economy and deepening interdependence among nations. It must continue to play a central, more effective and efficient role in promoting and strengthening international economic cooperation for development and in providing policy guidance on global development issues. The United Nations has convened a number of major global conferences on critical development issues. Fulfilling the goals and commitments reached at these international conferences, particularly on international cooperation for development, is essential, particularly in providing open, equitable and non-discriminatory multilateral trading systems, as well as in providing a framework for investment, technology transfer and finance.

At a subregional level, Kenya, in close collaboration with neighbouring countries, has embarked upon the revival of the East African cooperation arrangement, the establishment of which will contribute towards the integration of the African Economic Community.

In conclusion, Kenya firmly believes that the existing and future North-South and South-South cooperation frameworks constitute an important element of international cooperation for development and are an essential basis for ensuring the effective integration and participation of developing countries in mechanisms governing the management of the world economy. In this context, we call for the creation of more positive models which are responsive to the needs of developing countries while promoting cooperation for development through partnership.

The Acting President: I give the floor to the Permanent Representative of China.

Mr. Qin Huasun (China) *(interpretation from Chinese)*: The world economy today is beset with turbulence and unpredictability. This evolving phenomenon has become the focus of attention of the international community. Therefore, this high-level dialogue at the United Nations, the most representative of all intergovernmental organizations, to discuss the opportunities and challenges brought about by economic globalization is not only timely, but also highly necessary.

The globalization of the world economy is a basic feature of the world's current economic development. It is also an irreversible trend of economic development, independent of any single will. The world today is open. No country can develop its own economy in isolation from the rest of the world. Only by taking the initiative in the light of its own national conditions and adapting itself to the trend of economic globalization can any country grasp this historic opportunity and realize its economic and social development goals.

At the same time, we must not fail to recognize that, along with opportunity, economic globalization also brings severe challenges that can have serious adverse consequences. This is even more true for the vast number of developing countries that are at a disadvantage in the global competition spearheaded by advanced science and technology. If they do not address such problems properly and strive to reap the benefits while avoiding the adverse consequences, their development endeavours will be hampered by various restraints and the wealth they have accumulated soon eroded.

The financial crisis in some Asian countries has once again confronted us with this harsh reality. The economic and social damage of the crisis to the hard-hit developing countries is immeasurable, and the crisis still refuses to go away. The most important task before us now is to help these countries rise from the crisis and resume healthy economic and social development. China has been making and will continue to make its important contribution in this regard. We have actively participated in the assistance programmes of international financial institutions for the countries hit by the crisis.

With a view to contributing to the stabilization of the situation in the region and to the creation of conditions conducive to the affected countries' return to the path of development, we have made the commitment not to devalue our own currency. For the same reason, we have also decided to maintain a relatively high rate of growth. At the same time, it must be emphasized that the impact of the Asian financial crisis is global and will require the concerted efforts of the world community fully to eliminate its consequences. Major developed countries with significant influence on the economy of the Asian region, in particular, should take constructive policy measures as early as possible so as to make their due contribution to stabilizing the situation and rejuvenating the economy of the region.

The Asian financial crisis should lead us to a better understanding of the overall situation. It requires of us a clearer recognition of the potential adverse effects of economic globalization and of the challenges it poses to our national economic security. Only by reflecting deeply and formulating relevant countermeasures can we avoid similar tragedies in the future.

First of all, the world is diversified. Countries differ greatly in their specific national conditions, levels of development and many other areas. In the process of integrating into the global economy, countries cannot possibly follow one uniform model of reform and opening up. Only by proceeding from its own national conditions and priorities can a country be sure of enjoying sound economic growth, social stability and prosperity. This fundamental principle should be understood and followed, not only by countries in the process of reform and opening up, but also by the whole international community.

Secondly, a country's domestic reform and opening to the outside world should complement each other and proceed in a gradual and orderly manner. It is a long process that cannot be finished at one stroke. We have a deep knowledge of this from our experience. Over the past 20 years or so, since the introduction of the policy of reform and opening up, our reform aimed at establishing a market economy has been progressing in various fields. The new macro-control system is taking shape and the role of the market as the basis for resource allocation has been greatly strengthened. It is our view that the opening up in various fields should be implemented at different levels and with different priorities, and should proceed step by step, so as to inject vitality into the process of economic and social development. At the same time, caution should be exercised and new problems solved through the constant deepening and improvement of reform and opening up.

Thirdly, economic globalization is interdependence in the real sense of the term. Since problems spread rapidly, like a contagion, a crisis at one spot may, more often than not, trigger turbulence throughout a region or even around the globe. Misfortunes suffered by any one country or region may well expand to engulf other countries and regions. In the tide of economic globalization, the sustainable development of the world economy cannot be achieved without deeper and wider international cooperation. The execution of responsible economic and financial policies by the developed countries is essential and should be made an important component of new international economic cooperation.

Lastly, it should be emphasized that developing countries are striving to join the process of economic globalization from a position of disadvantage and under unequal conditions. With a weak capacity to withstand the hazards in the financial and other fields, they need meaningful international support. At present, inequality still exists in international economic relations. The new rules of the game in the international economic, trade, environmental and other fields have not reflected the interests of developing countries in an equitable manner. The gap between developing and developed countries has not shown signs of narrowing, and some developing countries are in real danger of being marginalized in the globalization process.

Therefore, in formulating the so-called new rules of the game, efforts should be made to guarantee the effective participation of the developing countries, and sufficient consideration should be given to their specific problems. Financial, technical and other kinds of assistance to developing countries should be strengthened so as to boost their capacity-building. There is no lack of consensus in the international community in this regard. What is essential now is the political will to honour the commitments already made. The developed countries are fully capable of honouring their commitments, and they should play their proper role towards this end.

The widespread and far-reaching impacts of economic globalization do not stop at national or regional borders. Consequently, there are new and even higher demands on international cooperation. Benefits can be attained and harm avoided only through international cooperation based on mutual dependence and partnership. This is the only way to achieve the ultimate goal of common development for all countries.

The Acting President: I now give the floor to the representative of Thailand.

Mr. Jayanama (Thailand): This is not a speech but a portrayal of the present financial system seen through the eyes of those in a tango dance contest.

Consider the following scenario of a tango dance contest. Many pairs of dancers are doing the tango, a dance which requires good coordination and synchronization between the two partners. Suddenly, in the middle of the dance, one dancer falls, in part because she was not a good dancer, in part because her partner did not lead well and in part because the dance floor is slippery and uneven. As she falls, she nudges another dancer, who also falls, and now a number of dancers are stumbling and falling. The male partners, instead of trying to support their partners, decide to abandon them, now that they have no hope of winning the dance competition.

The manager of the dance floor, who has also been appointed judge of the contest by the seven most influential spectators, tries to help but does not have much success — perhaps because he is not knowledgeable enough about the art of dancing the tango, or perhaps because he has not been provided with enough resources to be effective.

What is happening in this scenario to those involved in the dance-hall debacle? The first to fall has admitted unashamedly her lack of training in the tango and is now trying her best to improve her skills in the hope that one day a new partner, or perhaps even her old partner, will invite her to dance the tango on that floor again. The cost of training has been prohibitive and has badly affected her overall well-being, but she has obediently followed the advice given to her by the dance-floor manager.

The lead, or male, partners, after realizing that many of their female partners are not very skilled in the art of the tango, have deserted them and are trying to find new partners, even though not long ago these abandoned partners were chosen for their excellent skills in dancing the tango.

The judge and manager of the dance floor, in spite of many years of experience, is baffled by this crisis on the dance floor and often fails to give the right advice to the fallen dancers. He tries, nevertheless, to help them by offering assistance, in return for which they are to mend their ways in a Draconian manner. And as the dance-hall debacle worsens, his attempts to increase resources from the seven most influential owners of the dance hall also fails.

What are the policy implications of this scenario? First, it is clear that the usual call from the seven most influential owners and from the floor manager for the unskilled dancers to admit their mistakes and to try to improve their skills has not been enough. The dancers have already been doing this for the past 14 months. Therefore, more is needed, especially from the lead dancers. They must be more rational in choosing partners and must get rid of their herd mentality.

Secondly, the condition of the dance floor is also important. It must be a level playing field, with no holes or slippery spots. The floor must be the same for every dancer in order to give a fair chance to both partners and to all pairs of dancers.

Thirdly, the influential shareholders of the dance hall, particularly the seven most influential, must also do something more drastic. Otherwise the dancers will abandon their dance hall.

Fourthly, the dance-floor manager also has an important role in this respect. First and foremost, he must be transparent, disciplined and impartial. He should not blame only one dancer for the fall, for it could have been caused by numerous factors, including the lead tango dancer's tripping of his own partner. As of today, nothing has really been done to improve the condition of the dance floor, and nothing has been done to inculcate a sense of responsibility in the lead dancers. Furthermore, not much has been done to enhance the ability of the manager to deal with the crisis.

Fifthly, the seven most influential owners of the dance hall have not come forward to take vigorous action, but have largely remained spectators of this dance debacle. In fact, six of the seven have even prevented the seventh from setting up a special school to help train the unskilled East Asian dancers. They have, in the last few days, issued some statements about the bad state of the dance floor, but it remains to be seen who will rectify the situation.

So far, nothing has really changed in the last 14 months. Some of the abandoned dancers have done their best to adjust and to improve themselves at great economic and social cost to their families and are awaiting new partners. Another has decided to do the tango alone, thus making a mockery of the saying that it takes two to tango. Another has continued to dance again with her partner but, at the same time, is ready to punish him severely if she feels he is taking advantage of her.

It has often been said that globalization presents both opportunities and challenges. So far, our story of this tango debacle shows that it has been a case of opportunities for the strong and challenges for the weak on an unlevel playing field, with those who can effectively influence the course of events still watching on the sidelines. Perhaps they will soon do something, now that the chickens are coming home to roost.

Finally, we — the good and faithful students of the dance-floor manager — are still waiting for a new partner to invite us to the dance once more, but it has been like waiting, waiting and waiting for Godot.

The Acting President: I give the floor to the representative of Algeria.

Mr. Baali (Algeria) (*interpretation from French*): I should like at the outset to express my satisfaction at seeing Mr. Didier Opertti preside over this high-level intergovernmental meeting on the resumption of the dialogue on strengthening international economic cooperation for development through partnership, which, I hope, will provide us with new insight into ways of promoting international cooperation for development in the context of globalization.

Because of the major political, economic and social changes that the world is undergoing at the end of this century, today's meeting is clearly very significant and deeply symbolic, as underscored by the statement made by Mr. Ali Alatas on behalf of the Group of 77 — a statement we fully support.

At a time when economic interdependence among nations has become a generally recognized reality, and with the complex problems facing the world economy giving rise to increasing fears, it is crucial that dialogue resume and that a comprehensive approach to international economic cooperation be implemented. This is especially true because the world order that is being established on the basis of globalization is taking shape without those who were left out in the past. If we are not careful, we will exclude even more countries, including some that just a short time ago were being described as emerging economies. The stagnation now characteristic of financial markets, a stagnation that reveals the great imbalances in the global economy, should not, in spite of the heavy burdens and responsibilities weighing on the international financial institutions, serve as a pretext for the latter and those that finance them to evade their responsibilities towards the developing countries.

The magnitude of the generous financial and economic resources deployed, with exceptional speed and effectiveness, by the industrialized countries to come to the rescue of economies in distress is in stark contrast to the meagre economic and financial assistance that those same countries give to the countries of the South, and especially to the poorest among them, to help them emerge from their underdevelopment. If not rapidly corrected, this trend could eventually replace the East-West polarities of the past with a new and very dangerous form of North-South confrontation.

Yet many developing countries have courageously implemented the economic and structural reforms that were expected of them, often at a high social and political cost. But these bold reforms, whose positive macroeconomic results can already be measured, have rarely been accompanied by an improvement in the international environment and therefore have not allowed for a genuine economic take-off.

Worse yet, we are today witnessing a reversal of the situation that is harmful to the developing countries. In fact, both here in the United Nations and outside of it, the countries of the North are requiring those of the South to team their economic and social development efforts with respect for human rights. This new demand — and unfortunately it is not the only one — can only promote confrontation and wasted effort through behind-the-scenes squabbling, to the detriment of international understanding and cooperation.

Furthermore, the criticisms that continue to be levelled at the United Nations Industrial Development Organization have been accompanied by a reneging on commitments undertaken with respect to technological transfers and technical assistance for the industrialization of the developing countries. The role of the United Nations Conference on Trade and Development is weakening, and the countries of the North are steadily working to replace humanitarian assistance with economic assistance. All of these ingredients of future impasses could lead to a situation in which obligations regarding international cooperation for development are evaded and the demands of the South ignored.

Mr. Filippi Balestra (San Marino), Vice-President, took the Chair.

The impasse regarding the question of the foreign debt of most of the countries of the South; new forms of trade and financial restrictions; the continued decline in terms of trade; and the disquieting decline in official development assistance, the only source of development funding for many poor countries — these realities, combined with the effects of the international financial crisis, are characteristic of an international economic system that remains inequitable in its essence and its structure.

The situation of the least-developed countries, in Africa in particular, where hotbeds of poverty and misery and sources of social and political tension have proliferated, illustrate this perfectly.

By supporting the efforts of the countries of the South, the industrialized countries will not only contribute to promoting the progress of those countries and therefore to rooting out the sources of political and social instability therein, but also will create good investment prospects and commercial and financial markets for their own economies.

Today the countries of the North must recognize that the countries of the South are no longer the providers of raw materials that they used to be, and that they must now be treated as partners and as players in the world economy. In this spirit, the arsenal of measures contained in the Agenda for Development could relaunch this cooperation on a favourable and dynamic basis, to the greater benefit of all the members of the international community, and give new momentum to that cooperation. Along those same lines, the convening of an international conference on development financing under the auspices of the United Nations could be a crucial step for the international community.

Short-term trends in the international economy remain very uncertain. While the resumption of growth in the industrialized countries — slight as it may be — which was supposed to serve as a driving force for that of the countries of the South, has been confirmed, that growth seems today to be held hostage to speculative markets and hasty and often inconsistent decision-making. In different ways, the countries of South are also paying a high price for these imbalances.

If there is a lesson to be learned from this situation, it is the revelation of how ill-adapted private capital markets are to serve as financing instruments for long-term development. Future preventive measures in the framework of existing or proposed mechanisms to monitor the global economy must be accompanied by a pitched battle against speculative financial activities, which could very rapidly bring to nought the longstanding efforts of many countries.

Furthermore, and in order fully to achieve their objectives, the implementation of these mechanisms cannot be dissociated from the need to promote greater international solidarity and a genuine democratization of the decision-making bodies of the Bretton Woods institutions, and more specifically the International Monetary Fund, in order to promote greater sensitivity to the constraints and concerns of the developing countries.

In this rapidly changing world in which the development gap between North and South continues to widen and in which poverty and exclusion are daily gaining ground, we, the States Members of the United Nations, must undertake a new approach based on a genuine dialogue inspired by a spirit of genuine partnership between the countries of the North and those of the South, which will make it possible for us collectively and in a spirit of solidarity to confront the challenges of the new millennium.

The Acting President: I give the floor to Mr. Mohammad Javad Zarif, Deputy Foreign Minister for Legal and International Affairs of the Islamic Republic of Iran.

Mr. Zarif (Islamic Republic of Iran): We find this two-day high-level dialogue on the economic and social impacts of globalization a very opportune occasion for the international community to take stock of past developments, engage in an objective assessment of the global situation and, hopefully, I might add, devise necessary policy frameworks, if not mechanisms and measures, commensurate with the challenges arising from the process of globalization. In our deliberations here since this morning we have heard quite a number of good and interesting analyses, which we generally share, on various aspects of the issues under consideration. In particular, we fully support the statement by the Chairman of the Group of 77, Minister Ali Alatas of Indonesia. In this brief statement let me merely draw the attention of this body to a number of observations.

What seems to be an undeniable fact of our collective life today is the process of globalization, which has for the past decade or so made itself felt to different degrees and forms and in different arenas of the national life of societies. While it may be quite some time before we all arrive at a comprehensive understanding of the intricate inner workings of this rather new process, there is no shortage of pain and anguish in various parts of the globe as a result of its disquieting ripple effects. We are all cognizant of the fact that powerful transnational forces are at work reshaping the key features of world markets in capital, goods, services, labour and technology. Likewise, we are aware that the twin processes of globalization and liberalization have expanded and deepened the interdependence of societies, which has, in turn, increased the potential for international interaction and cooperation.

There are, no doubt, beneficiaries of this process, which may even include some interest groups and countries from the developing world. But it is the bulk of the developing world, particularly the least developed countries, that are receiving the shorter end of the bargain. While the promised potential has yet to materialize, at least for most developing societies the negative consequences, mostly of a disruptive nature, are already part of their socio-politico-economic landscape. The galloping pace of global integration in various fields and areas has substantially increased the vulnerability of many countries and regions and made uncertainty a part of their everyday life as well as of their future. Today, the prospect of marginalization and exclusion for many developing societies is not a possibility on a distant horizon, but rather a very bleak tomorrow.

On the practical outcome of the globalization process — which, as Minister Alatas has aptly said, is simply blind and not necessarily evil in nature — let me just quote words the Secretary-General said back in August 1997:

> "Between and within nations, inequality is increasing. During the past decade, gaps have widened — between the rich and the poor, the skilled and the unskilled, the powerful and the weak. All too often, a cycle of deprivation then sets in. Disadvantaged segments of the population may feel angry and hopeless. Sensing that they have no stake in society, they may turn to crime or other forms of social misbehaviour. Marginalization, social exclusion and alienation are major challenges of our time." (*SG/SM/6300 DEV/2167*)

It is a sobering picture — in fact, a deeply frightening outlook. The picture presented earlier today by the Deputy Secretary-General is equally disheartening. Not only has the situation not changed for the better, the whole world has been grappling, at least conceptually and analytically, with the reasons for the emergence of the crisis in South-East Asia, whose tremors are still being felt in other parts of the world.

What I have just briefly touched on deals with the reality of the situation, which should inevitably serve as our point of departure. Now let me briefly try to touch upon the central purpose of international cooperation for development, for whose promotion we have gathered here. The need for the promotion of a dialogue to strengthen international economic cooperation has been extensively reiterated by various international and intergovernmental bodies and roundly reiterated today. The objective of such cooperation is to ensure that the benefits of the ongoing process of globalization are spread to the maximum extent possible among all the actors at the global level, while simultaneously minimizing and harnessing its adverse and disruptive consequences.

Within the framework of the existing recognized norms of international law and on the basis of our previous intergovernmental agreements, the immediate objective of our high-level dialogue here is to promote honest and constructive dialogue and meaningful and genuine partnership at the global level. In fact, over and above immediate and short-term remedial measures, whether at the national, regional or global level, what we need today, and need urgently, is to revive the spirit of Rio and its much-revered and yet often neglected global partnership. The very solid foundations for such a partnership and international cooperation are already laid in the Agenda for Development, whose ultimate objective is to help establish a more equitable international economic order and more equitable international relations. Back in early July we discussed in the high-level segment of the Economic and Social Council the important question of market access and agreed on the imperative of establishing an international trading system which is fair, just, rule-based, multilateral and, certainly, responsive to the needs and conducive to the long-term development of the developing countries. Here, we are dealing with a broader agenda, but, in essence, with the same objective.

Before concluding, let me just add two very brief points. Our emphasis here on the question of international cooperation and its paramount role in taming the unruly winds of globalization does not in any way intend to neglect or even underestimate the ultimate responsibility that each and every society has to shoulder in this regard. The second point concerns the need for all actors in the world arena to manifest political will, without which the realization of global partnership and genuine international cooperation will prove no more than an illusion. The exercise of such will by all actors, big and small, should not prove beyond reach in the generally propitious political atmosphere of the post-cold-war era.

The Acting President: I now give the floor to the representative of Turkey.

Mr. Vural (Turkey): I welcome this opportunity to address some of the most defining issues of our time. The social and economic impact of globalization and interdependence are at the forefront of the international agenda, and rightly so. The important task before us is to help formulate and enhance relevant international policies.

Much has been said on globalization, and today I would like to dwell on some key aspects which we think should be a part of our debate. The increasing spread of the social effects of economic phenomena, coupled with the rapid advances in technology, has made the coordination of economic policies at the international level more significant than ever before.

In this connection, the international dimension of macroeconomic stability policies must be considered. We need an international environment favourable to the continuation or resumption of growth and investment. Domestic policies encouraging conditions suitable for direct investment should aim at keeping inflation levels under control.

In the area of international financial flows, there is a need to be able to limit volatility while assuring the efficient functioning of the system. To this end, corresponding institutional innovations may be envisaged for existing international financial institutions. The overall aim should be to strengthen and improve the architecture of the international financial system.

There is also a need for increased harmonization of rules and regulations pertaining to the efficient functioning of the market mechanism at the international as well as at the national level. This should include such matters as transparency, accountability and the legal framework.

The current global financial troubles have shown us that national currencies should not be overvalued, unless as part of a purely short-term strategy aimed at combating inflation. Experience also points out that a sound analysis of short term foreign capital inflows is required, and sufficient reserves should be kept. In any case, a transparent and healthy domestic financial system is the best prevention for looming crises.

As countries abandon customs barriers, the concept of protectionism has also shifted. Nowadays, technical protection methods are increasingly being used. In our era, the free market economy is more or less universally accepted. Multilateral trading negotiations have provided a platform to facilitate market access. They have also helped to define adequate and equitable disciplines in all trade-related areas. Following the successful conclusion of the Uruguay Round and the establishment of the World Trade Organization (WTO), one can be more optimistic about the achievement of an efficient multilateral system in trade-related issues.

But important obstacles still exist, such as tariff barriers and different degrees of market access commitments in services. Developing countries must have a more secure and broad-based trade liberalization process.

Special attention should be given to the integration of the least developed countries into the multilateral trading system. We attach particular importance to the preventing the marginalization of the developing countries. We therefore fully support the implementation of recently agreed plans of action. The main targets should be to achieve better market access conditions for the least developed countries and to enhance their trading opportunities.

We should explore the ways and means of strengthening various institutional mechanisms pertaining to information and communication technologies. The characteristics and rapid expansion of electronic commerce are of particular relevance. We should formulate policies which prevent the exclusion of a significant part of the world's population from benefiting from improved information systems in such areas as education and health.

Lastly, we support wholeheartedly the efforts within the United Nations system to activate the relevant mechanisms designed to follow up the implementation of recommendations coming out of major conferences. We believe that this is one of the most important functions of the Organization.

The renewed dialogue at the United Nations is an indication that all groups of countries, notwithstanding their differences, have decided to reaffirm the centrality of development in the international agenda. This is fully in line with our belief that while individual countries are ultimately responsible for their own development, their efforts can succeed only within an effective multilateral framework. Such a framework would spread the benefits of globalization as widely as possible, while minimizing its risks and costs.

The Acting President: I now give the floor to the representative of Maldives.

Mr. Shihab (Maldives): As this is the first time I have spoken here, I would like to congratulate the President on his election to lead the General Assembly at its fifty-third session. I assure him of my delegation's fullest support.

Over the past two decades, the globalization process has both expanded and deepened, leading to growth in world trade. However, globalization has not had uniform effects everywhere. Low income countries are disadvantaged by the globalization process because of their inability to participate effectively in the transactions that take place in the globalized market place. The most handicapped are small States, especially the least developed among them. The reason is simple: to benefit from globalization, not only would these States have to emerge from their status of extreme underdevelopment, they would also have to transcend the unique constraints imposed by their size.

The perils of globalization confronting small States can be understood by juxtaposing the requirements for successful integration into the world economy and the economic consequences of small size. Success in the global market place requires export growth and diversification as well as competitiveness. These require access to advanced production technology. For developing countries, the acquisition of such technology depends upon participation in the networks of international companies. In order to promote such technology transfers, developing countries usually offer transnational corporations the prospect of a lucrative domestic market, well-developed infrastructure and a large, highly trained workforce.

The least developed countries, especially the smallest among them, are not able to provide these incentives. Small States have a small domestic market and a narrowly based economy. There are many structural constraints to diversification and expansion, such as very limited human and non-human resources. Economies of scale in production cannot be secured in a small economy. Diseconomies of scale in investment and higher per capita costs in establishing basic infrastructure have to be borne. In transportation costs, for example, small States on average pay 10 per cent as freight costs, as opposed to the global average of 4.5 per cent and 8.3 per cent for all developing countries.

For small archipelagic States like my own country, the Maldives, the costs are on average even higher. Moreover, small States are highly vulnerable to external shocks and are unable to stabilize their domestic economies to resist them. All these handicaps add up to a pervasive vulnerability.

Such vulnerability has been widely recognized by the international community. However, these constraints are seen largely to be the result of their status as least-developed countries than of their smallness *per se*. What worries my delegation is not that these handicaps are subsumed under least-developed status, but that they are sometimes overlooked. What follows can be quite startling in the context of globalization. A good example is the current criteria used for graduation from least-developed-country status. It is all the more alarming because some of the indices used are chosen not because they are the best indicators of the real situation. Rather, choices are sometimes guided by the expedient of the availability of data. The result might be that critical indicators of structural impediments are overlooked, and premature graduation may be the result.

In this context, my delegation notes the conclusions reached by the Committee for Development Planning at its thirty-first session, held in 1997, in its analysis of the impact of globalization. It pointed out that international support measures are going to be essential for at least another 10 years to enable the least-developed countries to be integrated into the world economy. Should the small States, which face the greatest constraints in export diversification, in development of infrastructure and human resources and in attracting foreign direct investment, be denied the international support measures available to least-developed countries because of their premature graduation? This is a question any small island State would pose.

Indeed, premature graduation is like imposing a penalty for the successes that they have been able to achieve. The Maldives is one country where positive strides have been taken in social and economic development, during a long period of political stability. We are pursuing policies that will assist us in the long run to be integrated into the world economy, by emphasizing human-resources development, good governance, economic diversification, trade liberalization and other public-sector reforms, including strengthening of the legal structures and pursuit of other measures to attract foreign investment. We are also strong advocates in our region, through the South Asian Association for Regional Cooperation, of the pursuit of greater regionalization in ways consistent with a multilateral trading system. We are doing all we can — and certainly enough to deserve a supportive response in our efforts to overcome weakness imposed by size.

We believe that the policies that we are pursuing will enable us to realize the long-term goal of integration into the global economy. However, in the meantime, we need a supportive external framework. One of its primary pillars is the continuation of the benefits of designation as a least-developed country. Otherwise, all our hard work might come to naught, and we could slide a long way back, imperilled by the forces of globalization. It might be worthwhile to consider recommending a moratorium on the graduation of any State until the criteria adopted in 1991 are reviewed in the light of the post-Uruguay-Round development of the globalization process and its differing impacts on States.

I call upon the Assembly to give due consideration to this issue as it ponders the links between globalization and development, and as it deliberates international and national policies to meet the challenges ahead.

The Acting President: I call next on the representative of Belarus.

Mr. Sychou (Belarus) (*interpretation from Russian*): This is by no means the first time this year that the United Nations has considered questions related to the socio-economic impact of growing globalization and interdependence, and to the policy implications for Governments. This is because in addition to their positive aspects, the processes now under way have negative consequences as well, which require constant attention and coordinated action by the international community. Globalization of the world economy and interdependence of States have now reached a level where a sharp fluctuation in the economic situation in a single fairly large country, whether caused by political change or by purely economic factors, inevitably sets in motion a series of processes in States that are trading partners of that country.

Before we had been able to overcome fully the effects of the late-August financial crisis in South-East Asia, a similar crisis hit the financial markets in the Russian Federation. This has had a destabilizing impact on the socio-economic situation in a number of States, including countries of the Commonwealth of Independent States (CIS), many of whose imports and exports are geared towards Russia. The crisis has caused price increases and a drop in national currencies *vis-à-vis* hard currencies. As a result, there has been a decline in the standard of living, causing enormous social problems.

As the situation is stabilized, it is important that these events be evaluated with a view to determining how to quickly eliminate the effects of such crises and how to prevent similar situations from arising in other regions.

In our view, the events of August and September of this year, along with the crises in South-East Asia, to some extent reveal a lack of decisive action on the part of the Bretton Woods institutions, with regard both to preventing crises and to minimizing and eliminating their effects. This shows that the financial institutions must create a mechanism for interaction with national Governments when crises arise.

We cannot absolve national Governments of blame for these crises, since sustainable socio-economic policies are a guarantee of the stable functioning of international commodity and stock markets. Governments must take adequate preventive action for macroeconomic regulation. Moreover, in our view, we must increase and actively draw on the potential of regional and subregional cooperation in the context of integrated associations of States; through this we can jointly prevent and eliminate the consequences of acute crises. The timely formulation of a mechanism for coordination among countries in these situations could play an important role in carrying out such tasks.

However, when making bigger demands on national Governments, we should take into account that many developing countries and some with economies in transition are not yet ready to function in the open global economy. Moreover, the increasing trends towards globalization and interdependence have exacerbated the vulnerability of these countries to the transnational processes, which are sometimes negative for them. That is why there is an acute need for international support for these groups of countries in order to ensure the balanced development of all States in the current circumstances. Primarily, this implies developing and implementing sustainable social and economic policies, including regulating the balance between the public and private sectors, stimulating and protecting investments, regulating financial markets, and encouraging the involvement of all social groups in the economic life of the country.

However, it would appear that these measures are not sufficient to ensure the sustainable development of all States. Additional steps must be taken fully to integrate the developing countries and those with economies in transition into the world economic processes. It is important to create favourable external conditions for States to develop in the current context. That is why the work of the United Nations and other international organizations in accumulating international development assistance and fully and fairly integrating the developing countries and those with economies in transition into the multilateral system of international trade is currently a key factor of development. Our special hopes are placed on the World Trade Organization, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Industrial Development Organization and the United Nations regional Commissions.

We are still unable today to enjoy the blessings of globalization and liberalization reasonably and effectively. One of the major tasks facing the international community today is to make these advantages accessible to all.

The Acting President: I give the floor to the Permanent Representative of Brazil.

Mr. Amorim (Brazil): It is a common perception today — and even commonplace to say — that globalization is an inescapable process which brings both opportunities and risks. But this truism is maybe the only assertion we can easily agree on as the dramatic events of the past two years cast a shadow on the way the risks of globalization have been managed so far.

These events reinforce the perception that globalization is not a painless process; that, in and by itself, it does not overcome the logic of exclusion and marginalization, both between and within countries; and that, despite the recognition of the clear benefits of the integration of global markets, there is an urgent need to address the systemic weaknesses that tend to exacerbate the inherent asymmetries on which the process of globalization rests.

As the President of my country, Fernando Henrique Cardoso, recently stated, the great challenge before us today, both in practical and conceptual terms, is

> "to move away from a globalization of exclusion and lay down the foundations of a globalization of solidarity".

Or, as the famous economist Jeffrey Sachs put it in an article in the 12 September issue of the magazine *The Economist*, without "a sense of shared stewardship between rich and poor", and without a change in current institutions,

> "global capitalism will not succeed widely enough or credibly enough to create a stable world system."

These calls were echoed somehow in the important speech made by President Clinton last Monday before the Council on Foreign Relations here in New York. However, the case for a renewed impetus to growth in the world economy and for increased assistance from the multilateral financial institutions must be based not only on the premise that the countries most hit by the current financial crisis are customers, competitors, friends, allies and security partners, but also on the notions of equity and solidarity.

As the drastic movements of short-term capital exposed the vulnerability of emerging economies to predatory behaviour in financial markets and caused economic disruption and social unrest in many parts of the world, a recognition of the need for fundamental changes in the way the international institutions respond to the risks of globalization gradually emerged.

The implicit message in all proposals and ideas advanced so far is that the traditional recipes pursued by those institutions need to be revisited; that domestic fiscal and monetary policies need some flexibility to adjust to crisis; that there must be an equitable sharing of the costs of the financial crisis; that the bail-out of creditors cannot be pursued at the expense of the most vulnerable segments of the world population; that the multilateral institutions must vigorously help in devising social safety nets; and, last but not least, that the international response to systemic weaknesses in the prevention and management of financial crises needs to be based on a broad consensus which fully involves the participation of developing countries.

If there is a silver lining in the tumultuous situation we are now facing, it is that a growing number of scholars and political leaders are coming around to accept these realities. In the same vein, it is encouraging to note the ongoing discussions within the Group of 22. The same spirit of joint responsibility inspired the recent meeting between the International Monetary Fund and the Finance Ministers of Latin America, as well as the call for a meeting between Finance Ministers and Central Bank authorities which President Clinton made just three days ago. We strongly encourage these efforts to proceed.

In recent years, macroeconomic stabilization was vigorously pursued in my country through a mix of fiscal and monetary policies that brought inflation to a 50-year low, from a peak of nearly 2,500 per cent in 1993 to less than 5 per cent in 1998. Substantial budget cuts were accompanied by structural reforms and a broad privatization programme opened up to private domestic and foreign investment sectors such as mining and steel, power generation, telecommunications and transportation. In the external sector, a comprehensive liberalization programme eliminated non-tariff barriers and brought the average tariff down to 12 per cent. This was achieved not only on a national basis, but in accordance with our regional commitments within MERCOSUL. The overall increase in real gross domestic product per capita and the effects of macroeconomic stabilization on income distribution and the standard of living of the poorer are reflected in the fact that, for the first time, in 1998 the Human Development Report ranks Brazil among the countries with a high human development index.

Thus, macroeconomic stability is certainly conducive to both domestic and foreign investment. But, as the volatile situation that affects us all shows, there are clear limits to what countries can individually or regionally achieve. The role played by the international environment is crucial. The coordination of macroeconomic policy by the major economies, especially with regard to interest rates, is essential to prevent systemic financial crises. The same consideration applies to measures aimed at boosting domestic demand and imports. There is an urgent need to articulate coherent measures in the areas of trade liberalization, banking oversight, interest-rate management, external debt relief and emergency lending to avoid or to mitigate the negative impact of the extreme volatility of financial flows. I think, more than ever before, the link between trade and finance has become clear and it is very obvious that, if liberalization is to be a sustainable process in developing countries, we will need the opening of markets and the elimination of tariff and non-tariff barriers in developed countries that affect the exports of the developing ones.

The reform of the international financial system requires a clear-cut commitment to greater and more effective international financial cooperation. Just as in the 1980s and early 1990s we established the landmark of a new multilateral trading system, in the late 1990s we cannot fail to concentrate on a more democratic architecture for the international financial system — a new architecture which is better equipped to respond to the challenges and the risks inherent in globalization.

Let me reassert the full commitment of my country to this process. We will continue to work with the Bretton Woods institutions and the Bank for International Settlements in devising and promoting the dissemination of appropriate instruments for banking oversight and regulation. We will continue to take a cautious and gradual approach to capital accounts liberalization. We are also committed to the strengthening of multilateral oversight, but this should rely chiefly on the frankness and quality of the policy dialogue between the Fund and its member countries. As the Brazilian Minister of Finance recently stated in the Interim Committee,

> "No one — not even the Fund — has a monopoly on truth or the capacity to define precisely, beyond any doubt, the right thing to do, the moment of doing it, and the unique manner of balancing the inevitable trade-offs in economic policy-making".

Lastly, I wish to stress that we firmly believe in the policy dialogue between the United Nations and the Bretton Woods institutions. This dialogue has already proved its usefulness and is essential to reaching a better understanding of the new realities of this globalized world.

If I may be allowed a brief reflection on the future, maybe we could devise a more interactive format for this dialogue which may enable us to extract meaningful conclusions from the debate. Otherwise, we will just be repeating — although perhaps in a more solemn fashion — what we already do in the Second Committee of the General Assembly. The renewed dialogue must be a true dialogue and not a series of monologues.

The Acting President: I now give the floor to the representative of Morocco.

Mr. Snoussi (Morocco) (*interpretation from French*): I would first of all like to extend my sincere congratulations to you, Sir, on your unanimous and well-deserved election to the presidency of the General Assembly at its fifty-third session. I would also like to take this opportunity to wish you every success in your mission, especially since our Assembly will be called upon to continue its examination on the reform programme proposed by the Secretary-General.

I would also like to express my delegations full support for the statement made this morning by the Minister for Foreign Affairs of Indonesia on behalf of the Group of 77 and China. We were very pleased to hear him express the main concerns and expectations of developing countries.

The delegation of Morocco is pleased at the holding of this first high-level dialogue on strengthening international economic cooperation for development through partnership, a dialogue for which developing countries have been continuously calling, through the Group of 77, for almost the last five years.

The end of the cold war and the growing liberalization of financial and information flows which followed gave rise to unprecedented enthusiasm throughout the world for the adoption of economic systems based on the primacy of private capital in the organization of production and consumption activities. With the disappearance of the ideological confrontation and the attendant standardization of the values governing different areas of society, national borders — which in the past were more or less tightly sealed in many parts of the world — have become less opaque and more permeable to external flows of capital and merchandise. Countries — in particular developing countries and countries in transition — have now entered a frantic competition to attract private capital and foreign investment. These have become all the more essential to economic growth since financial concessions in the form of official development assistance have continued to decline.

Unfortunately, not all countries have been equally equipped to join the emerging world economy smoothly. In fact, many States have not been able to withstand the winds of change and freedom because their structures were too rigid and were based on outdated principles. Some have even collapsed and crumbled, leaving in their wake societies in turmoil in which antagonistic forces wage deadly battles that often take civilians as their innocent victims.

World trade became freer as a result of the signing in 1994 of the Marrakesh Agreement creating the World Trade Organization. This made access to the markets of developed countries more competitive and forced export companies to adopt more profitable production methods. Of course, reducing costs in order to remain competitive led to increased unemployment and social problems in most countries, especially developing countries. At the same time, international financial institutions invoked the spectre of marginalization for all countries that were tempted not to make the sizeable adjustments necessary to join the global economy.

Furthermore, the future appears unforeseeable and uncertain for countries trying to remain within the circle of nations that have not succumbed to the constraints of transition, in spite of their efforts to maintain a macroeconomic balance, strengthen the competitiveness of their businesses and ensure the servicing of their foreign debt.

In reality, private financial flows can deal a severe blow to the countries that attract them if confidence in the viability of the target economies is lost.

International trade is less free for goods such as agricultural products metals, textiles and clothing, which are of great export interest to developing countries, and labour markets have become almost completely closed. At the same time, flows of official development assistance, which are an important source of financing for many African countries, have fallen to a very low level, currently representing 0.22 per cent of the gross national product of the member countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development.

The risk of marginalization, financial crises, the burden of foreign indebtedness and widespread unemployment will ultimately cloud prospects for the future and undermine the will for adjustment of the most serious countries if their efforts are not supported by the international community.

We hope that the dialogue we have just begun under the auspices of the United Nations will be constructive and that it will lead to genuine partnership based on shared responsibility and mutual advantage, as emphasized in General Assembly resolution 52/186. The future of economic multilateralism at the United Nations will be linked to our ability to find concrete and concerted actions to remedy the problems of the less developed countries of the international community. The credibility of the United Nations in the eyes of the populations of our world will depend on its capacity to go beyond rhetoric and to ensure that the deliberations of its bodies are followed by actions whose effects can be felt at the national and local levels.

In conclusion, my delegation wishes to draw the attention of the international community to the tragic situation on the African continent, which is overwhelmed by conflicts, poverty and social problems. We would like to take this opportunity to reiterate the appeal that was made at the General Agreement on Tariffs and Trade conference in Marrakesh by His Majesty King Hassan II for the adoption and implementation of an international Marshall Plan that could help Africa emerge from its endemic crisis and could place our continent, which has been the most affected, on the path to development and prosperity.

Mr. Ngo Quang Xuan (Viet Nam): It is indeed a pleasure to see Mr. Didier Opertti presiding over this first important dialogue on globalization, which is having a forceful impact on humankind and on the development of today's world.

Globalization has become a general trend of our time. It speeds up the expansion of the financial, commodities and services markets, intensifies the socialized character of the world economy and strengthens the interdependence between nations and regions. At the same time, competition becomes fiercer than ever before. Each and every nation, in order not to be marginalized from the process of development, must actively participate in the process in accordance with its development capacity and objectives. Each nation must formulate an appropriate policy on international integration so as to benefit from the positive aspects of the process while minimizing the negative ones.

Globalization creates more favourable conditions for import, export and investment, helping to promote economic growth. A strategy for economic growth comprising two elements — export and investment — is being developed by the majority of countries. The outcome of General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) negotiations, coupled with the establishment of free-trade areas, has considerably improved market access and trade liberalization throughout the world. Nevertheless, reality has shown that it is still hard for commodities from developing countries to access the markets of developed countries, due to their weak competitiveness. Meanwhile, the Generalised System of Preferences is being narrowed, and disguised trade barriers in the form of quality criteria, environmental requirements and labour and social standards continue to be misused.

Nations — especially developing countries — taking part in the WTO, a global economic mechanism, should make the best use possible of the Dispute Settlement Understanding arrangement. This arrangement is in the fundamental interest of developing countries within the WTO because it can help them avoid trade limits unilaterally imposed by various developed countries. Since the balance of trade is affected by free-trade measures, developing countries could lay a good foundation for a balanced account through increasingly export-oriented production.

Trade liberalization and investment create conditions for increased capital flows and technology transfer. However, how to use these capital flows and technology effectively is a difficult issue. The recent financial and monetary crisis stands out as an example of the improper use of capital. Developing countries should learn from it so as to steer their investment plans in the right direction, in keeping with their demands and development targets.

Liberalization will lead us to a situation in which some production areas contract while others expand. To define the impact of liberalization on employment means determining the balance between lost jobs due to contracted production areas and new jobs created in the production of goods for export. Nevertheless, in the long run the negative impact of trade liberalization on labour utilization could be resolved through the redistribution of human resources among economic areas.

Changes in the production structure lead to changes in the income ratio of different population groups. Differences in income are the basis of social inequality. A fair social policy that takes into account the interests of various social strata with different income levels is therefore essential to ensure equality and mitigate the possible negative aspects of liberalization.

To fully grasp the opportunities brought about by the liberalization of trade and investment, countries must seek to exploit their comparative advantages. However, these advantages should be exploited in a balanced and reasonable manner in the context of a long-term strategy that steers clear of the danger of exhausting resources and polluting the environment. A strategy for sustainable development is therefore necessary for every country.

Over the past decade, Viet Nam has carried out a policy of economic reform, building a market economy with state regulation, and has become more thoroughly integrated into the regional and world economy.

Viet Nam is aware not only of the great benefits brought about by the process of economic globalization, but also of its challenges. We plan to continue with the policy of renovation, to strengthen our own internal capacity and to become more thoroughly integrated into the regional and world economy.

In the process of renovation and international integration, which is replete with difficulties and challenges, Viet Nam wishes to strengthen its relations of cooperation in the economic, trade, investment, and science and technology fields and to broaden its market with all countries, international organizations and partners.

The Acting President: I give the floor to The Honourable Manuel Villar, Speaker of the House of Representatives of the Philippines.

Mr. Villar (Philippines): It is indeed gratifying to note that the vision of the fiftieth session of the General Assembly when it first considered the resolution on the renewal of the dialogue has now come to fruition. Let us then exert our best efforts to ensure that the Assembly may find the required courses of action to assist countries in obviating the negative consequences of globalization.

Globalization, of course, has a brighter side. The latter part of the twentieth century has witnessed a phenomenal expansion of international trade flows. World exports increased from $315 billion in 1970 to $3,447 billion in 1990. Foreign direct investment in the world economy increased from $502 billion in 1980 to $1,948 billion in 1992.

The past two decades have also witnessed an enormous growth in international finance. In foreign exchange markets, for instance, trading was a modest $15 billion per day in 1973. This soared to $900 billion per day in 1992.

It is therefore not difficult to see the positive side of globalization. Such tremendous increases in global trade, investment and finance could only mean a rise in prosperity.

Yet we wonder — prosperity for whom? Obviously, the rapidly growing East Asian countries and a few other developing countries benefited from the process of globalization, as together they accounted for about 68 per cent of the recent increase in trade of the developing countries, and they have been the main recipients of the foreign direct investment to the developing world. Thus, their per capita income rose, their incidence of poverty declined, and the overall material well-being of their peoples improved.

But what has globalization done to the rest of the developing countries? It appears that its beneficial effects have been marginal. The *Human Development Report* has disturbing findings: a fifth of the world's population, or 1.3 billion people, continue to be mired in absolute poverty; over 50 per cent of the world's population has less than five per cent of global income; and the distance between the rich and poor worldwide is intolerably great.

Even the rapidly growing economies in the developing world are now having doubts as to where the process of globalization will take them. The financial crisis in East Asia has wiped out the economic and social gains achieved painstakingly over the years. The crisis has affected everyone in those countries through sharp exchange-rate depreciation, financial-sector collapse, corporate bankruptcy, changes in rates of return on assets and monetary tightening. The International Labour Organization reported that since October of last year unemployment has spiralled in those countries.

The crisis has spread to other parts of the world and may lead the global economy into a deep recession. The United Nations *World Economic and Social Survey, 1998* already reported that, as a consequence of the crisis, the growth of output for 1998 is slowing down in both developed and developing countries, while the growth of world trade is also decelerating.

If the trend ends up causing social disintegration in countries and the collapse of the global economy, then we have only ourselves to blame for not having the foresight and fortitude to change the direction of history.

Of course, we cannot simply wish away the process of globalization. It is a reality of a modern world. The process is irreversible. The individual countries and the international community can only take action to ensure that its benefits are maximized and its downside minimized. Late as it may be already, it is nonetheless incumbent upon us now to undertake, separately and collectively, a very thorough review of the effects of globalization — its economic and social impact — and devise an action plan principally designed to avert its destructive forces.

What must be done? It should be very clear by now that the benefits of integration with the world economy through globalization can accrue only to those countries that have strengthened their foundations for industrialization and development. Countries must invest in the development of human resources and create the required physical infrastructure. Countries must raise the productivity of their agricultural sector. Countries must use strategic industrial policy to develop technological and managerial capabilities. And they must establish institutions designed to adequately regulate their financial markets. In this regard, I wish to refer to what the United Nations *World Economic and Social Survey, 1998* has noted: what may be most needed at this time is not more decontrol and deregulation, but more effective official oversight and market-based controls of financial markets.

Unless appropriate responses are made by both the individual countries themselves and the international community, the asymmetries implicit in the process of globalization are bound to intensify uneven development. Consequently, many countries will experience an exclusion from the process of globalization that could increase the economic distance between nations, widen income disparities between peoples and heighten social divisions.

I wish to echo what Mr. Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development, said at the substantive session of the Economic and Social Council last year: further liberalization of trade and investment has to take into account the legitimate aspirations of Governments to protect their financial stability and their right to determine the course of their own development strategy as well as the health of their population, cultural identity and physical environment. It is also worth noting that last year, in resolution 52/180, this Assembly invited the International Monetary Fund (IMF) to ensure that, in exercising its role in promoting capital account liberalization, it does so in an orderly and flexible manner so as to enable member countries to tailor capital account liberalization to the circumstances of each individual country.

I do not wish to deny that some actions have been undertaken at the international level. In fact, I should to like to note the positive influence of the United Nations on the required interventions to assist developing countries. World Bank President James Wolfensohn indicated in the Economic and Social Council that the emphasis in the Bank's lending programmes has switched in last decade from physical infrastructure to support for jobs, schools, medical care and food, in large part due to the United Nations. And IMF Managing Director Michel Camdessus said that the international community must pull together to support the adjustment programmes of those countries most severely affected by the crisis and urge countries with balance-of-payments surpluses to recycle those surpluses in the form of untied loans and humanitarian aid to adjusting countries, to grant generous terms for restructured loans and to keep their markets open.

We therefore have to reinforce the positive action already in place. Let us call on all countries, particularly the developed countries, to manifest their political will in confronting the challenges of globalization through action that will help all countries defend themselves. We already have a vision of what can be done. It may be recalled that at the G-7 Summit in France in 1996, French President Jacques Chirac called for controlled globalization, and together with German Chancellor Kohl pressed for tighter controls on money markets, among other things. And the statement President Clinton made in New York last Monday — in which he said that the United States would convene, within 30 days, a meeting of finance ministers from major countries to recommend ways to adapt the international financial architecture to the twenty-first century — certainly gave signs of urgent and collective action to stem the crisis.

We must tame the forces of globalization to serve only development and prosperity. This we must do to sustain the development path of countries and lift up countless people who are in misery. We owe it to ourselves and to the generations to come to do the best we can.

The Acting President: I now give the floor to the representative of the Russian Federation.

Mr. Tchoulkov (Russian Federation) (*interpretation from Russian*): Because of unforeseen circumstances, Ambassador Lavrov is not able to speak at this very important meeting of the General Assembly. Upon his instructions, I shall make this statement on his behalf.

We attach great importance to the fact that the General Assembly has turned its attention to the pressing problem of the socio-economic consequences of globalization. Although some of its aspects have already been discussed this year at the United Nations, we believe that this debate is very timely, since it is taking place as the financial crisis in South-East Asia is growing beyond its regional dimension to become transcontinental, while the world financial and commodity markets are losing their stability. These disturbing symptoms call for the closest attention from the international community and for the adoption of adequate measures, which our forum today is to define.

In recent years, the globalization processes in the world economy and the growing interdependence of national commodity, service and capital markets have been perceived as a positive phenomenon, contributing to economic growth and the more effective use of global resources. Nevertheless, globalization-related risks posing a potential threat to unfledged economies — especially those that have not yet become sufficiently competitive — were underemphasized and underestimated. The situation in South-East Asia and its impact on other regions have clearly demonstrated that globalization sharply increases the requirements of quality and effectiveness in terms of both domestic policy and concerted international efforts to assist the affected countries, as well as to prevent the regional crisis from becoming a global one.

We commend and support the efforts undertaken by the world community and international financial institutions to stabilize the economies and financial systems of the countries affected by the crisis. However, the developments that have taken place in recent months in various Eastern European countries, including Russia, and the continuing socio-economic turmoil in Asia send a dramatic warning that more decisive action by the

United Nations and the Bretton Woods institutions is needed, perhaps including the joint development of an anti-crisis programme. It is urgent that the existing international financial institutions should be gradually turned into a more effective instrument for the consolidation of the global financial system, the regulation of transboundary financial flows and the implementation of preventive anti-crisis measures, including — following the example of the World Trade Organization — through the development of international rules and standards of conduct for financial market operators, as well as the monitoring of compliance.

We are convinced that, as an integral part of a package of measures designed to improve financial stability, Governments should play an active role in the management of a well-balanced process of liberalization and regulation of national financial markets in order to promote domestic and foreign investment in productive industries.

We acknowledge and commend the contribution made by the United Nations and its economic bodies to the reaching of international consensus on pressing issues of global economic development, as well as to promoting the integration into world markets of developing and least developed countries and of economies in transition, those not yet sufficiently resistant to the negative impact of market forces. At the same time, the United Nations should play a more vigorous role in establishing an international early-warning system for crisis situations in economic development and work more closely with international financial institutions on related issues. Priority areas of cooperation might include monitoring financial flows and government economic policies, rendering assistance to needy countries in gathering objective information on economic and financial-market situations and enhancing the international forecasting capability.

With globalization and the increased risk of its negative effects, the problem of development financing calls for greater attention from the international community. We welcome the efforts undertaken by the United Nations and the World Bank to develop partnership with the private sector in order to assist Member States in the achievement of sustainable economic and social development.

The crisis prompts us to take a fresh look at the dividends derived from interdependence in the modern world. A lack of control over any processes taking place in the global economy, and their unpredictability, could have the gravest consequences. Recently, many columnists have compared today's world with a schooner caught in a turbulent current, whose oarsmen can withstand the force of nature only if they make a concerted effort. I would extend this metaphor by saying that in order to make it to a safe harbour, the efforts of the oarsmen alone will not suffice; it is imperative that the captains of the financial and economic fleet join in the paddling. The sooner we realize that, the sooner we will become partners professing one simple principle: the prosperity of all can be secured through the well-being of each individual.

The Acting President: I now give the floor to the representative of Malaysia.

Mr. Hasmy (Malaysia): I would like to fully associate my delegation with the statement made this morning by Minister Ali Alatas of Indonesia on behalf of the Group of 77 and China. My delegation welcomes the convening of this high-level meeting.

The discussion in this forum on the economic and social impact of globalization is very timely in view of the current global situation. We have seen financial and economic turmoil affecting many countries in the last year. What was initially dismissed by some as merely a regional economic problem has now been transformed into a global phenomenon. The contagion effect of the Asian financial crisis is very real indeed. The financial crisis has resulted in a lot of uncertainties even in the major economies. We have seen the South-East Asian economies regress in just one year. The economic gains made in the last decade are now experiencing severe setbacks. These economies are now in recession. The economic and social progress resulting from years of hard work has been severely retarded in the process.

The current crisis demonstrates very clearly some of the negative impacts of globalization. Advocates of globalization and liberalization would argue that invisible hands in a free and liberalized international market should be given free rein to promote optimal resource allocation and growth globally. To them, Governments should merely play the role of facilitator to promote a conducive environment for market forces to operate in. Governments, they say, should not intervene and upset the equilibrium. But they must also realize that a Government has the obligation to protect its people and defend their interests. In the last year, many Governments have had to act to defend their countries from currency and stock market speculators operating under the pretext of globalization and liberalization.

Against the backdrop of the economic turmoil in Asia, Russia and around the world, there is now broad agreement that the problem we face today has been largely a result of a large infusion of capital into the emerging markets without due regard for the risks, and a too-abrupt withdrawal without due regard for long-term prospects. In recent weeks, we have seen efforts undertaken by the authorities in Hong Kong, Taiwan and Russia, employing various means to try to cope with their respective problems.

It is very clear that the boom-and-bust behaviour of short-term lenders and investors had been largely responsible for triggering the crisis. In 1996, some $100 billion of capital flowed into Asia. More or less the same amount had flowed out by the second half of 1997. Such a dramatic reversal has caused violent depreciation of currencies, highly volatile exchange rates and rapid increases in interest rates. Asset markets have plunged to record lows. Banks ceased lending, given the tight liquidity, high interest rates and increasing numbers of non-performing loans. This in turn has led to a severe contraction of the real economy in the affected countries.

Since Malaysia is one of those countries that has been seriously affected by this phenomenon, I shall spend some time on the Malaysian situation. Within a matter of months, following the assault on our currency, our per capita income shrank substantially. Our economic growth, which had averaged about 8 per cent over the last several years, suddenly became negative. This year our economy shrank by a further 6.8 per cent in the second quarter after a contraction of 2.8 per cent in the first quarter. We are in our first recession in 13 years, our second in more than 40 years.

The Government of Malaysia has little choice but to act — and to act urgently and decisively. We have arrived at a difficult conclusion. Our priority is to protect the economy and to regain our economic independence. Drastic times require drastic measures. If drastic measures were not taken immediately to get growth going again, the Malaysian economy would continue to drop like a stone. We have to resuscitate our economy ourselves. The sooner we can get back on track, the better it is for us, our neighbours and the region. There are, of course, risks involved. Indeed, nothing is without risk. But Malaysia is prepared to take a calculated risk. Any palliative has its own side-effects.

The Government of Malaysia has implemented a package of measures to enforce strict exchange controls to insulate the economy from the risks and vulnerability brought about by external developments. Critics say that we have taken a step back from the free market with the introduction of currency control. Our aim is to stop offshore trading of the ringgit, our national currency, and to maintain a fixed exchange rate. With these new measures and the pegging of the ringgit at a fixed rate, there is now greater predictability for the currency, which facilitates our external trade.

Malaysia's so-called step backward is being taken to insulate rather than to isolate the country. We are merely insulating our economy from future speculation in and manipulation of our currency by currency traders. In this regard we welcome the view of the United Nations Conference on Trade and Development (UNCTAD), as contained in the Trade and Development Report 1998, that a country facing an attack on its currency should have the right to impose an automatic, unilateral action. Sometimes we may have to take a step backward in order to leap forward. For all practical purposes, for the moment Malaysia can stop worrying about speculative attacks on the ringgit and the massive currency turbulence brewing in many parts of the world. The current stable conditions should be welcomed by those who genuinely wish to trade with and invest in Malaysia confident in the knowledge that the measures taken are temporary in nature and are targeted solely at the currency speculators and manipulators.

Before we took these drastic measures, Malaysia had in fact persevered since the crisis began one year ago in undertaking macroeconomic adjustment policies and implementing financial reforms. We were keen to reduce the risks and the vulnerabilities to external developments. We began to take austerity measures late last year, the so-called International Monetary Fund (IMF) package without the IMF: a massive cut in government spending, a massive cut in credit expansion from nearly 30 per cent to 15 per cent by the end of 1998, and the imposition of the tightest monetary and fiscal policy. But these did not seem to work. They made our problems worse. Although to some extent we managed to keep the economy operating at a relatively high rate of employment, strains were increasingly felt in the financial system. Yet, in spite of those measures, Malaysia still got poor ratings from the rating agencies.

It is clear that efforts to restore stability require not just domestic efforts but a concerted effort on the part of the international community. We need greater international cooperation to deal with the risks and challenges associated with this newly emerging environment. However, a year has passed and, despite several proposals made by us and others to strengthen the architecture of the international monetary system, no concrete measures have been forthcoming. There seems to be little sense of urgency on the part of world financial leaders to act decisively to contain the current crisis. Although the affected economies have undertaken strong economic and financial reforms aimed at restoring confidence, that same sense of urgency is lacking on the part of world financial leaders with respect to changing the financial environment in which we all operate. There is an urgent need for this to be recognized by the international community, and for us to seek a permanent solution together.

Malaysia no longer sees the prospect of a global economic crisis and breakdown in the international financial system as merely a remote possibility if the international community fails to act urgently. We all must take a serious view of this possible development and plan measures to avoid such a catastrophe. In the absence of any serious intervention on the part of world financial leaders, this economic turmoil may deepen further, and the developing countries will need to take measures to protect themselves from the destabilizing effects of capital-market volatility until effective and viable alternative solutions are found.

The case for restricting international flows is a sensible one. The control on outflows of capital would allow governments, at least in a limited time-frame, to combine a fixed exchange rate with lower interest rates to get the real economy moving back on track. There does not appear to be any other recourse or any other workable alternative to protect a country against the volatility of sudden capital flows.

Malaysia's has always been an open economy. We remain committed to the market mechanism and to the trend towards liberalization. Once there is a discernable normalization in the financial markets, Malaysia will return to free capital flows. Until that time, we feel there is a need to de-link the country from the destabilizing effects of such flows.

Malaysia would like to repeat its call to the international community to urgently review the current international financial-market mechanism. This review should look into ways and means of strengthening the system, providing effective safeguards and setting proper rules of the game. Far-reaching reforms of the international financial system are necessary to prevent countries from turning back the clock on liberalization. International monetary standards need to be developed to ensure that any future crisis can be properly managed by all parties concerned. All these suggestions merit serious study if the international community does not want to see the process of financial liberalization being eroded by the lack of confidence in its promised benefits. Malaysia feels that the United Nations has an important role to play in this regard through the promotion of dialogues such as this one.

We also note with keen interest President Bill Clinton's announcement three days ago in New York on convening a meeting of the finance ministers of the Group of Seven and of key emerging economies in Washington within 30 days to look into ways to strengthen the world financial system. That meeting is long overdue. We hope that the deliberations at the meeting will include concrete measures to regulate currency markets, the root cause of the current financial crisis.

I wish to restate that our experience with unfettered globalization and liberalization has shown that the risks of globalization are as real as its potential benefits. What has taken years to build can easily be destroyed in a matter of months. We should not tolerate a situation where nations can be impoverished overnight, with all the attendant serious economic, political and social consequences. Malaysia believes that development should not be a zero-sum game, with one party gaining at the expense of others. We believe that there are more than enough resources in the world that can be shared by all if we allow rational and moral imperatives to take precedence over greed and exploitation.

That is the only sure way to ensure that weak and vulnerable members of the international community will not be marginalized in the process of globalization. We hope, too, that the lessons of the South-East Asian financial crisis will be well learned by other members of the international community.

The Acting President: I give the floor to the representative of Bolivia.

Mr. Jordán Pando (Bolivia) (*interpretation from Spanish*): I wish to extend my country's congratulations to Mr. Opertti on his well-deserved election to the presidency of the General Assembly at its fifty-third session. It is my pleasure to commend him on the thoughtful analysis he delivered this morning to all participants in this high-level dialogue.

The achievements of the four United Nations Development Decades are sufficient to call international attention to the fact that the gap between developed and underdeveloped countries and between rich and poor has grown wider. Fifteen per cent of the world's population receives 85 per cent of its income. In other words, 85 per cent of the population enjoys barely 15 per cent of the wealth. Moreover, this is the result not only of the 1,998 years of the Christian era, but also of 7,000 years of political, economic and social history, during which every ideology and every sector of the civilian and military population has held sway. Unfortunately, this means that we are manufacturing poverty.

In earlier decades, we talked of economic and social development for all and sought harmonious development. Nowadays, we are expected to limit our thinking to sustainable and sustained development, which is a restricted form of development. Not every segment of the population or every economic, productive or social sector can achieve it, because they do not enjoy the appropriate conditions.

The former type of development and past decades took place within the so-called economic dirigisme that arose in the United States and the developed world after the 1929 crisis, but emerging protectionism and economic liberalism existed alongside one another. In the new international situation of the 1980s, there arose the liberalization of markets, the social market economy and neo-liberalism. It could also be concluded that, while this economic liberalism thrives, it coexists with protectionism, because the so-called liberalization of the markets is highly relative. It includes corporate and commercial ways of limiting or eliminating free competition, covert monopolies, oligopolies or periods of exclusivity, as external private monopolies are called in my country. The day it becomes possible to eliminate free competition, a new political economy and a new era will have been conceived.

As the American professor of economics Paul Samuelson has said, the world has almost always lived with a mixed economy, which, judging by its results, seems to be the most fruitful.

In the current situation, one contemporary phenomenon is known as globalization. It connotes mercantilism and conglomeration, which are clearly current phenomena. In its application, however, it reiterates scientifically and academically the Spanish term *mundialización*, which is not a rejection of globalization but means that we have to understand globalization, with all its mergers and agreements between the largest and most specialized companies in the real world. Globalization can benefit the most industrialized countries, those with the most sophisticated technology, the largest developing countries. However, it can do harm to the economically mid-sized and small ones and mean nothing or even be harmful to the marginalized.

Globalization may also have other consequences, such as poverty, which is cumulative, and unemployment. Technically and scientifically, it is possible neither to eradicate nor to alleviate poverty and unemployment without establishing factors for creating and amassing social capital, just as conglomeration establishes factors for creating and amassing private capital. The task of development is to address both kinds of globalization, and with the world divided between developed, less underdeveloped, underdeveloped, backward and marginal countries, one must speak also of the *mundialización* of these manifestations of globalization.

With regard to the economy, it should be noted that our regional economic commissions have postulated a new theory that could be called an economy of solidarity, a necessary synthesis of past economy, which was always mixed. Let conglomeration exist, since it is impossible to avoid; but there should be less of it so that redistribution can increase. Less concentration and greater redistribution would end poverty to some extent and alleviate the most serious cases. It would also ease unemployment through the creation of jobs.

It should also be said that current methods used by the international multilateral agencies for measuring the economy are insufficient. Only the arithmetic of development is used to record the indices of the formal economy, as if it were the global economy, which it is not. There are no regular standards established to gauge the informal economy, which has increased in all countries, and the illegal or illicit economy, which is based not only on drugs, but on contraband, arms and other categories. This three-dimensional measure would give a real idea of the total global economy.

Finally, I wish to mention another aspect of great importance to our countries and to the United Nations: development financing. We are very concerned that the United Nations Development Programme has gone from being a development-finance agency to one that solely administers donations. This is very serious for small countries, the relatively less developed, most backward and marginal, because donors finance that which interests them and not what the countries at that level of social and economic development desire. There are also other political implications, because these countries, being what they are, would cease to be the targets of social and economic development. Their relative autonomy of development would shrink drastically in direct relation to their degree of development.

The issue of financing development must be confronted. The financing capacity of the industrialized countries that provide donations and financing — which has never reached 0.7 per cent of gross national product — should be formalized in some way, for there is currently no such system to do so. Furthermore, the United Nations Development Programme (UNDP) must also undergo essential reforms and adjustments, or donor countries will not want to cooperate in the manner proposed. In that way, part of the portion of donors' gross national product would continue to go to UNDP so that it can continue to act as a financing body, and part would continue to go to financing contributions. However, there would have to be a development programme which countries, organizations, civil society, agencies and the social, public and private sectors could follow as a point of reference.

The very important debate begun today has helped show that there are problems in the current international economic financial situation. It is not ideal, and it therefore requires adjustments and modifications. The time for justifications has passed, and concern has emerged about the unforeseen problems which have broken out. The reality gleaned from results — not from theoretical speculations — is the best teacher with regard to procedures. That same reality is a warning to pay attention to the social aspects which have been ignored and which may grow and lead to future explosions, as the current President of the World Bank indicated. The former Executive Director of the United Nations Children's Fund, James Grant, said that social aspects cannot be sacrificed for the sake of economics, production and speculation.

The great changes that have occurred have been more in the facile nature of all or nothing, winners and losers, than in that of making intelligent progress towards synthesis rather than exclusion. The truth is that neither protectionism nor liberalization has provided the answers that our societies require, for inequity still persists. However, nobody can return to the past. We must forge ahead; but let us learn to do something to overcome unbalanced solutions. The current problems we all share in the world do not lend themselves to partial answers; they require overall solutions.

It is true that our Organization must pursue reform, as must UNDP. At another level, regional groups, the Group of 77, the Movement of Non-Aligned Countries and the financial bodies of the system, such as, the International Monetary Fund and the World Bank, should build upon new experiences and pay close attention to agreed decisions — in short, they must modernize themselves in order to confront the problems by which are being overpowered and taken by surprise.

The Acting President: I now give the floor to Mr. Oleksandr Brodsky, Deputy Chairman of the National Agency for Development and European Integration of Ukraine.

Mr. Brodsky (Ukraine) (*interpretation from Russian*): Today's discussion is a natural extension of the dialogue which began this year in the Economic and Social Council. It convincingly shows that issues of globalization and inter-related economies are key factors in the current stage of world development. The results of the exchange of views in the Council on problems of developing international trade in the context of globalization and the impact of financial crises on the world economy confirm the fact that the United Nations is an appropriate forum to hold that type of dialogue. We feel that the consideration at the United Nations of timely socio-economic problems through dialogue will make an important contribution to laying the basis for a global partnership for development.

The appearance on the world stage of a group of newly independent States, including Ukraine, has given the process of the globalization of the world economy a qualitatively new dimension. In this context, there is considerable significance to helping in the natural process of integrating the countries of Eastern Europe into the European and world economic systems. Unfortunately, we must note that as Ukraine and other countries in transition have entered the global economic system, we have encountered some difficulties, both of an external and of a domestic nature.

Among the problems of an external nature, first of all, we have the difficulties related to the establishment of Ukraine as an equal partner in the international market for goods and services: tariff barriers, inadequate liberalization of world trade, anti-dumping processes and the consequences of the global economic crisis.

We are very much aware that a number of domestic problems are related to the fact that the reforms in Ukraine began late and that there has been a lack of coordination at the macroeconomic and microeconomic levels, that there has been an inadequate implementation of structural reforms, and that there has been inadequate coordination among the various branches of government. We have noted a significant worsening of common problems in Ukraine as a result of restructuring the economy and shifting to a market system. These problems — which include an increase in crime, drug trafficking and a number of other anti-social phenomena — have also been the result of the need for a massive conversion of the military-industrial complex and for a reduction of the size of the army, which has subsequently caused an increase in unemployment and social disintegration. Today, Government activities are actively geared towards resolving these problems and maintaining the political stability and social harmony of the country.

Ukraine has already completed the privatization of small enterprises and has significantly hastened the privatization of medium and large-scale enterprises. In our view, this should promote the flow of foreign investment, which is one of the levers of the process of globalization that characterizes the development of today's world economy.

Ukraine has carried out substantial reforms in its foreign trade in order to liberalize it and harmonize it with general standards and norms. We have completely abolished non-tariff regulation. We have done away completely with the system of State orders and contracts and are establishing a radically new system of tariff regulations. And we are further perfecting our system of certification and standardization. Special attention is being given to reforming the agricultural sector, to hastening land reform and to restructuring and privatizing agro-industrial enterprises. Very important significance is being attached to practical support for reform measures by the International Monetary Fund and the World Bank. An important element in the Government's economic programme is appropriate external financing, in particular, maintaining the balance of payments.

Ukraine is today actively moving forward towards European integration and is cooperating with other States at the regional and subregional levels. Ukraine's special attitude towards integration into the European Union is based on its understanding that such integration is a factor in helping to strengthen its own independence as a State, its economic security, its political stability and its social harmony, and it is also helpful to its successful economic development.

The entry into force on 1 March 1998 of the Partnership and Cooperation Agreement between Ukraine and the European Union has meant that we are in a qualitatively new stage in the development of our relations with the European Union. In our view, this will reflect positively on our trade and economic relations and will promote the adoption of Ukraine's legislation to conform with the norms of the European Union.

Ukraine is trying to give a fresh impulse to interaction at the regional level and has participated in the activities of a recently established regional organization, the Black Sea Economic Cooperation group, which has the goal of promoting the strengthening of cooperation of countries in the region.

An international conference was held in Ukraine at the beginning of September this year to mark the fiftieth anniversary of the Universal Declaration of Human Rights. The conference brought together representatives from more than 30 countries. Participants noted that stable economic development in the world is impossible without observing the rights and freedoms of each and every inhabitant of our planet. We feel that mutual cooperation and development should respond primarily to the main parameters of social equality and well-being.

Carrying out such international measures — in particular the annual meeting of the European Bank for Reconstruction and Development in Kiev and meetings of member States of the Black Sea Economic Cooperation in Yalta — attests to the authority of Ukraine as a reliable political and economic partner and is a signal to other countries of its policy of integration into the world and European economic systems.

Under the present conditions of globalization, there is a need to safeguard the positive results achieved by the countries in transition and to prevent any further marginalization of the poorest countries. The rapid completion of the process of transition to a market economy will have a positive impact on the stabilization of the world economic system.

In this context, technical assistance to those countries is very important, in particular the transfer of modern technology on preferential terms, in order to ensure their access to world markets, attract financial flows from those markets and help them become integrated into the global economic trading system.

It has been noted repeatedly in various forums that the end of the East-West ideological confrontation has created a qualitatively new situation in the world. Neither the major Powers, regional associations nor even universal organizations such as the United Nations can resolve such global problems as preventing conflicts and global financial crises or eliminating poverty, international terrorism and drug trafficking. That can be done only through joint, coordinated efforts on the part of the United Nations and other international organizations and will require an adaptation to current realities and the ability to resolve complex contemporary problems.

The United Nations today is engaged in a process of radical reform, which Ukraine actively supports. We note with satisfaction that our country was among those States that helped to hasten that process. In our view, the goals of this radical reform of the United Nations, and in particular of its social and economic sector, should be adequately to reflect the interests of all countries and continents and should involve concrete actions and tangible results for people the world over.

The Acting President: I give the floor to the Permanent Representative of the United Republic of Tanzania.

Mr. Mwakawago (United Republic of Tanzania): At the outset, allow me to join other speakers in expressing my delegation's congratulations on Mr. Didier Opertti's election to the presidency of the fifty-third session.

Let me now turn to the agenda item under consideration. The process of globalization and interdependence is not a new phenomenon. Its roots can be traced as far back as the late nineteenth century. Today, however, globalization has taken on a new shape. Two key players in this process have emerged. On the one hand, we have the transnational corporations, which dominate investment, production and trade in the world economy. On the other hand, we have the international financial institutions, which control the world of finance. Distinct from the earlier form of globalization is the increasing degree of openness, growing economic interdependence and deepening economic integration beyond national boundaries. In all forms, however, the driving forces are the desire to maximize profits and therefore compete in a seemingly contracting market.

Because no country can live in isolation, globalization has become an inevitable phenomenon. Under globalization, developed and developing countries alike have been put into one basket without regard to their differing levels of development, as we are told that globalization stands to benefit all countries. We are told in particular that globalization is likely to open up many new opportunities to developing countries for them to expand and diversify their economies.

However, as I mentioned earlier, globalization is associated with competition. We all know that competition means "survival of the fittest". And this is where the major problem arises, as inequalities and the uneven nature of the globalization process begin to unfold. To be candid, the prime beneficiaries are those who control the transnationals and the financial institutions. This leaves many developing countries, particularly the least developed, excluded and vulnerable to external factors that are beyond their control.

Globalization and trade liberalization have contributed significantly to the growth of international trade and capital flows. This in turn has made it possible to improve the global division of labour and the allocation of savings and investments. Indeed, one could add that the conclusion of the Uruguay Round has led to a reduction of tariffs and the removal of quotas, thereby increasing market access for products from developing countries.

In spite of the impressive volume of trade on a global scale, trade liberalization remains uneven and faces major challenges that obstruct the achievement of an open, mutually beneficial and rule-based multilateral trading system. Developing countries stand to benefit little from the Uruguay Round if many of the key provisions of particular interest to them are left unimplemented. The provisions deal with exports of particular importance to developing countries, including those in sectors where substantial tariff liberalization has been achieved and those sectors characterized by dynamic export growth.

The declining importance of primary commodities in world trade, coupled with a loss of market share in world primary commodity markets, puts developing countries in a comparatively weak position to benefit from globalization. The situation is aggravated by the declining resources, particularly official development assistance, that are made available to developing countries. Foreign direct investment has grown, and is growing, astronomically, but is very selective and highly uneven. Worse still, rules on technology transfer now prevent those countries from adopting more modern technologies for their own development. In the end, those countries' efforts to industrialize have been thwarted.

It is quite evident, therefore, that the benefits of integration into the world economy through globalization will accrue only to those countries which have laid the requisite foundations for industrialization and development. For the many developing countries whose capacity to invest is low, globalization will continue to expose them to further marginalization. At this juncture it is heartening to record the unequivocal position of the Government of the Netherlands on development assistance to developing countries. It is my delegation's hope that other developed countries will emulate that positive example.

Globalization has had other consequences on the developing countries. Due to low income resulting from poor export revenues, these countries have become more dependent on foreign borrowing in order to meet their obligations. As a result, the foreign debt has become a more serious problem, affecting Governments' delivery of social services to their citizens. In Tanzania, for example, the total committed debt increased to $7.9 billion in 1997, as compared to $7.8 billion for 1996. The Government's capacity to service the external debt as measured by the debt export ratio has been declining despite the fact that export earnings have grown in recent years. The rate of growth of external debt has indeed tended to surpass the rate of growth of exports. Despite the Government's efforts to honour its external debt obligations, the outstanding debt stock continues to accumulate. This has raised the cost-of-living index, putting the lives of many of our citizens in serious jeopardy. Needless to say, the number of poor people has also increased. The debt issue needs to be addressed seriously.

There is a need for the international community to devise a mechanism to oversee the various issues arising from growing interdependence. This mechanism must take into consideration the needs of the developing countries, if they are to benefit from the process. Otherwise, there is a real danger that developing countries will experience exclusion and, therefore, continue being marginalized. If this happens, their chances for development will diminish, while the gap between the rich North and the poor South will widen even further, to the detriment of international peace and security.

The meeting rose at 7.45 p.m.

United Nations A/53/PV.6

General Assembly

Fifty-third Session

Official Records

6th plenary meeting
Friday, 18 September 1998, 5 p.m.
New York

President: Mr. Opertti .... (Uruguay)

In the absence of the President, Mr. Mra (Myanmar), Vice-President, took the Chair.

The meeting was called to order at 5.10 p.m.

Agenda item 93 *(continued)*

Sustainable development and international economic cooperation

(d) Renewal of the dialogue on strengthening international economic cooperation for development through partnership

High-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications

The Acting President: I give the floor to the representative of Lesotho.

Mr. Mangoaela (Lesotho): It is an honour for me to address the Assembly on this important and timely topic. Let me at the outset associate myself with the views expressed by the Minister of Foreign Affairs of Indonesia, who spoke on behalf of the Group of 77 and China.

This high-level dialogue of the General Assembly is yet another perfect demonstration of what the international community had in mind when negotiating the Agenda for Development. The Agenda recognizes that:

> "The United Nations occupies a unique position for addressing the challenges of promoting development in the context of the globalization of the world economy and deepening interdependence among nations. It must play a central and more active and effective role in promoting international cooperation for development and providing policy guidance on global development issues." *(A/51/45, para. 233)*

The least developed countries, of which Lesotho is one, face substantial supply-side constraints that impede their efforts at taking advantage of the globalized economy and liberalized markets. These problems are compounded by the external debt problem, which in turn is exacerbated by the decline in official development assistance. We therefore call on the international community to intensify its assistance to the least developed countries by meeting the target of 0.15 per cent to 0.2 per cent of their gross national product, as contained in the Paris Declaration, as well as the Programme of Action for the Least Developed Countries, so that they may have a reasonable chance of building the capacity required for successful integration into the global economy. Otherwise, opportunities associated with globalization, such as those inherent in the Uruguay Round, will continue to elude the least developed countries. And in this age of interdependence of national economies, the continuation of this marginalization is not in the best interest of the global economy.

Various studies leading to the Uruguay Round showed that developing countries would realize

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substantial income gains from trade liberalization. One of those studies, done by the World Bank, estimated such gains at $171 billion, with approximately one third of this accruing to developing countries.

Trade liberalization and deregulation following the conclusion of the Uruguay Round and the establishment of the World Trade Organization (WTO) were seen as bringing in a new period of international prosperity in which developing countries were expected to share through improved access to markets.

Indeed, the Uruguay Round of multilateral trade negotiations resulted in a more open, rule-based and predictable trading system and in significant improvements in market access conditions. Furthermore, since the establishment of the WTO, important multilateral negotiations have been concluded that have increased market access for information technology products, basic telecommunications services and financial services. The dispute settlement mechanism of the WTO, which strengthens the multilateral trading system, provides an efficient and effective recourse for defending market access rights.

However, the expected gains for the least developed countries from the stimulus to world trade arising from the Uruguay Round are less clear. They continue to face significant obstacles to market access for their exports. There are still tariff peaks and tariff escalations against their major export items. Furthermore, some standards are too difficult to meet due to the differences in technological advancement.

Cooperation arrangements within the ambit of economic and technical cooperation among developing countries can be used as conduits for realizing the benefits of globalization and liberalization. Within regional and subregional cooperative mechanisms, there is a homogeneity of norms and standards in various areas. If this homogenization of norms and standards is unique to the regional set-up and it operates efficiently and effectively, it may serve as a model to be duplicated in the broader international system. Alternatively, if the norms and standards in the regional context are similar to those demanded by the global community, then this enhances the integration of the developing countries into the world economy.

In this context, South-South cooperation is properly placed to serve the interests of the global economy and of all members of the international community. It is therefore pertinent to encourage countries of the North to provide increasing support to South-South development efforts through, among others, triangular cooperation. The modalities of such cooperation are likely to be implied from the series of meetings comprising the Tokyo International Conference on African Development (TICAD).

TICAD I, held in Tokyo in October 1993, advocated strong South-South cooperation and stressed the need for Africa-Asia cooperation. TICAD II, to be held on 19-21 October, is projected to provide a programme of action for Africa's development in the next century as well as adopt a pragmatic framework for enhancing cooperation between Africa and Asia, including Japan.

The developing countries, and in particular the least developed among them, face several constraints that are impediments to seizing the advantages inherent in the globalized economy. These are: first, weak technological capacity; secondly, paucity of requisite skills in the marketing, entrepreneurial and quality control fields; thirdly, shortage of long-term finance and expensive trade credit; and fourthly, lack of transparency in the legal and regulatory framework.

In addition to these factors, the least developed countries tend to be heavily reliant on an economic base of commodities that are either non-processed or are semi-processed. The decline in commodity prices, which has been exacerbated by the financial crisis of East Asia and other parts of the world, has had a devastating effect on the fortunes of the least developed countries, whose commodity producers now find themselves confronted with a situation of weak demand, large supplies and increasing stocks. Meanwhile, these countries depend on commodity prices for, on average, a third of their export earnings.

The heavy debt overhang of the low-income countries continues to be a hindrance to their investment and growth potential. This has undoubtedly been exacerbated by the recent financial turbulence in some parts of the world. Insufficient funding remains the major constraint to the success of the Heavily Indebted Poor Countries Debt (HIPC) Initiative. It is also necessary that the Initiative's eligibility criteria be made flexible and inclusive. While a number of past measures and policies have been helpful in alleviating the problem to achieve a durable solution, serious consideration should be given to the proposals for providing additional resources without diverting funds from development assistance.

In the context of the debt burden and the supply-side impediments of the developing countries, we view with deep concern the continuing decline of official development assistance, particularly as it is a major external source of financing for development and is a crucial input for infrastructure and social development. Its further decline therefore means the worsening marginalization of least developed countries in a world economy increasingly being shaped by the processes of globalization and liberalization. To enable the least developed countries to benefit from and to sustain the structural and economic reforms that they have undertaken, it is essential that the flow of external resources to these countries be increased and their efforts at capacity-building and infrastructure development supported.

This high-level dialogue has offered us a chance to devise strategies for seizing the opportunities provided by globalization and liberalization while at the same time exploring ways of mitigating their adverse effects on those countries that lack the wherewithal to take advantage of them. The dialogue has hopefully attained the objective envisaged for it, namely, the strengthening of international economic cooperation for development through partnership between developed and developing countries.

Mr. Calovski (The former Yugoslav Republic of Macedonia): The views of my delegation coincide with those expressed by the representative of Austria speaking on behalf of the European Union. Let me begin my brief statement by expressing the hope that the discussions of this high-level dialogue will help the deliberations of the General Assembly and other forums concerned with the consequences of globalization, as well as the policies of Member States' Governments and of relevant regional organizations such as the European Union. It will be important if we can have, in due time, a follow-up analysis of the deliberations of this forum prepared by the Secretariat.

Although a lot has been written and said about the globalization of the world economy, many aspects of its implications remain unclear. This is so because, as we all know, globalization as a phenomenon is a quality change; it is a living creature, if I may say so. So, for some time, maybe even for a long time, we are going to struggle to discover its implications, positive or negative, for our individual economies and for international economic cooperation. The fact that we have entered a period of full dependence from a period of managed interdependence has something to do with that.

In the context of globalization, we have to worry at present about our national economies. We have to follow and worry about the economy of our partners, of our neighbours, of our region and of our continent, and the global economy. We have to do all that at the same time. Otherwise, if we do not, we will not be able to use our competitiveness. We will be unable to prevent the negative consequences of globalization, and our economy could be marginalized. And that is the worst that can happen to any economy, to the small and weakened ones in particular.

If the intention is to improve international economic cooperation, one of the priority tasks of the General Assembly should be to prevent marginalization of the small and weakened economies. Alone, they are unable to fight the dangers of the marginalization. So, what could be the answer to the present situation of dependence, since in the context of globalization there is no independence, particularly for small and weakened economies?

The answer, of course, is always a very complex one. You will find it in the need to change the present political, economic and social priorities. The present problems in the world economy, to a large extent, are generated by the fact that the globalization of the world economy is not parallel to the globalization of the international political relations. It is clear that we need global action, United Nations action, to change the present priorities, and that change should be managed.

The first priority, in our view, of United Nations action should be the prevention of conflicts and finding solutions for ongoing ones. This can be achieved through strict compliance with the Charter and, as far as the United Nations is concerned, by strengthening the role of the General Assembly, which in the future should work as a parliament of nations, all year round.

The second priority should be the adoption of an open border foreign policy by all Member States in accordance with the Charter. There should be no restrictions on the circulation of capital, goods, services or people. The liberalization of international trade and of economic cooperation should be parallel with the liberalization of international political relations. In the context of our discussion, the enhancement of political and economic integration, particularly from the point of view of small and weakened economies, is essential. For my country, the Republic of Macedonia, and for those from my region, it is essential that our economies be fully integrated into the economy of the European Union and into Euro-Atlantic institutions. Hesitation in this respect is simply unhealthy.

In order to stop the marginalization of many economies, special measures by the United Nations, by the Bretton Woods institutions and by regional economic organizations such as the European Union should be adopted and implemented, particularly with regard to market access and direct investments. Without undertaking such relevant measures, achieving economic growth, low inflation, and so on, will be difficult.

Globalization is an irreversible trend. Marginalization is, however, preventable. It is correct that, at present, the main concern is the situation of the bigger economies in Euro-Asia and Latin America. It will be an inexcusable mistake, however, if the small and weakened economies are forgotten, marginalized.

I have mentioned some concerns. Of course, there are many others. The essential thing that I wanted to underline at this global forum is that we cannot speak anymore of an independent economy and that we are all responsible for the negative consequences of globalization. This requires that globalization be managed at the national and international levels. The experience of my country suggests that at home we should pursue the policy of continuous adaptation to change required by the globalization of international relations, and abroad we should pursue the promotion of the integration of our economy into the European Union.

We have entered the period of full dependence and, within that framework, we should try to find solutions to the present problems generated by globalization. The conclusions of the report of the Secretary-General on the work of the Organization (A/53/1) can serve as a good base for the preparation of the needed United Nations action. Managing the adverse effects of globalization and strengthening multilateral institutions are essential in order to harness the positive potentials of globalization.

Before I conclude, I would like to take this opportunity to inform you that my delegation, together with some others, is planning to submit to the Second Committee of the General Assembly a draft resolution on globalization and liberalization of the world economy and prevention of marginalization of small and weakened economies of developing countries and of economies in transition. The draft resolution will affirm the importance of the statement of the Secretary-General in his report on the work of the Organization:

> "The task ahead, therefore, is not to try to reverse globalization – an effort which, in any case, would be futile. The task is to harness its positive potential while managing its adverse effects. Strengthening multilateral institutions can help accomplish that task." (*A/53/1, para. 234*)

And considering the urgent need to prevent further marginalization of the small and weakened economies of developing countries and of economies in transition, and to help these economies benefit from the globalization and liberalization of the world economy, the draft resolution will call upon Member States to take, individually and collectively, the needed relevant measures and policies to prevent the marginalization of developing countries' small and weakened economies as well as economies in transition and to help them benefit from globalization and liberalization with a view to their full integration into the world economy. The draft resolution will request the Secretary-General of the United Nations, together with the Secretary-General of the United Nations Conference on Trade and Development and the Executive Secretaries of the regional commissions to prepare an analytical report on the subject of this draft resolution and to submit it to the General Assembly at its fifty-fifth session.

The Acting President: I now give the floor to the representative of Colombia, Mr. Jairo Montoya, Director-General for Multilateral Affairs.

Mr. Montoya (Colombia) (*interpretation from Spanish*): Allow me to begin by congratulating Mr. Didier Opertti on his election as President of this important body. I would also like to express my support for the statement made by Indonesia at the beginning of this debate, on behalf of the Group of 77.

My delegation attaches great importance to this dialogue. At the same time, my delegation would like to express its satisfaction at having been directly involved in the preliminary discussions on setting up this dialogue, a few years ago.

We hope that this political dialogue will continue in the future and will be reflected in an effective contribution by the United Nations to the revitalization of international economic cooperation. We also stress that this dialogue is being conducted under a new spirit of partnership, rather than confrontation. This new approach should be promoted through the identification of common interests, mutual benefits and shared responsibilities.

But even more importantly, we hope that the outcome and summary of this first dialogue will include the different practical measures that have been proposed in order to address, in both the short and the long run, the economic and social impact of globalization.

Globalization has been subject to many interpretations. We need political and conceptual clarity based on a perspective shared by the different actors. The United Nations is the best place to examine this issue comprehensively, including its political, economic, social, environmental and cultural dimensions. That is one of the main reasons why this two-day discussion has been relevant.

In this context, one of the first questions that I believe will need further consideration is, how can globalization provide effective and durable conditions for accelerated economic growth so as to reduce unemployment, raise wages and reduce poverty? Secondly, how can globalization be compatible with cultural diversity and national identity in different countries and regions? Thirdly, how can globalization help preserve the global environment? And finally, how can globalization lead to a democratic and participatory decision-making process in the economic and development fields?

In addition, it is crucial to remove external factors that limit the scope of globalization. One of the main contradictions in this regard is restrictions to the transborder movement of labour. Labour is one of the most important factors of production, but its international movement is subject to increasing restrictions. In some countries, such limitations have recently been intensified. In others, they will be expanded in 1999.

Another external risk is the insistence on introducing regulations on labour and social standards as a precondition for competing in international markets. This could lead to the denial of opportunities to those countries whose legitimate comparative advantages are rooted in their relatively low labour costs. The attempt to introduce such standards and regulations is clearly contrary to the principles of a free market and of liberalization.

Moreover, decisive steps have to be undertaken to remove obstacles to access to know-how and technology. The international framework on intellectual property does not seem to be entirely consistent with the globalization process because it is restrictive by nature. This issue, therefore, deserves to be revisited.

On the issue of the current financial crisis now affecting the global economy, my delegation shares the view that there is a need to establish mechanisms to ensure that international monetary markets are more transparent and predictable. Likewise, we recognize the importance of addressing the short-term consequences of financial and monetary turbulence and volatility through such instruments as monitoring and regulation.

But my delegation is of the view that the main priority in the long term should be to focus on the management of the global economy so as to ensure that the huge amounts of monetary and financial capital it generates are allocated to productive activities and infrastructure. This is the only way to correct the speculative character that the globalization process has exhibited in recent years.

In addition, my delegation is convinced that there is a need for the international community to launch a global initiative to strengthen multilateralism. Multilateralism needs to be revitalized with a global dimension, involving both the United Nations and other multilateral institutions.

The ongoing validity of the majority of institutions created as a result of the Second World War has been reaffirmed, even after the end of the cold war. However, many of their mechanisms have become anachronistic and inappropriate to the needs of a more open and democratic, globalized world.

To deal with the challenges, risks and imbalances born of globalization, and as the only way to address its governance and management, revitalizing multilateralism is a political, ethical and historical imperative.

The Acting President: I call next on the representative of Uruguay.

Mr. Pérez Otermin (Uruguay) (*interpretation from Spanish*): The successive crises that have shaken the world's stockmarkets are but the most recent manifestation of a process in which the power of governments, the role of corporations and the fate of their employees, and national cultures are all being transformed by world economic and technological integration: globalization.

It took 13 days for the news of the assassination of Abraham Lincoln in 1865 to cross the Atlantic and reach Europe. The plunge of the Hong Kong stock market in late October 1997 took 13 seconds to strike, like lightning, New York, Frankfurt, Tokyo, Tel Aviv, Sao Paolo and Buenos Aires. That is globalization, now a fact of life. It is not merely a fashionable term of the moment, but represents the fusion of the radical transformations that the world economy has been experiencing for more than a decade.

We can say that globalization is the result of the combination of three powerful forces: technology applied to the search for and transmission of information; the establishment of free-trade areas and integrated economic blocs; and the growing worldwide linkage and interdependence of markets in goods and services and financial markets.

In an increasingly integrated economy, the ability to take advantage of trade opportunities and to overcome the attendant obstacles has become a key concern for States. Many developing countries, especially low-income and least developed countries, lack the capacity to institute legislative frameworks that would enable them to benefit from world trade as a truly effective instrument to guarantee sustained economic growth and sustainable development.

In the face of liberal, outward-oriented trading regimes, developing countries are struggling to improve their tiny participation in world trade. The multilateral institutions that promote development, including the United Nations, must continue to work to provide strategic assistance to developing countries in their efforts to maximize their opportunities in the sphere of trade.

One of the gravest consequences we face in today's globalized world is the lack of employment opportunities. Unemployment, which in Europe has reached 11 per cent of the population of working age and which affects more than 18 million people, is a clear indication of the magnitude of the problem. Why is this happening? There are many, complicated factors, but first and foremost among them is the overwhelming, profound and irreversible technological revolution, which is lowering production costs, but at a high social price, by replacing human skill with sophisticated machines.

In the early years of the 1990s, employment rates consistently fell nearly everywhere in the world. A report of the United Nations Conference on Trade and Development notes that worldwide there are today 120 million unemployed and 700 million underemployed. International Labour Organization experts have identified two basic causes of this phenomenon: globalization and economic liberalization. The first is marked by the movement and transfer of major capital flows and by the quest for highly specialized, low-cost labour. The second has broader effects, to the point where adjustment policies mean new allocations of resources, which benefit some sectors and harm others. This has led to a new phenomenon in many parts of the world: growth without job creation.

The globalization of the economy involves the processes of integration and the opening up of trade; these are under way in all regions and are not coming to an end. This creates a new challenge for all countries: to acquire a competitive and specialized production apparatus, which means the closing or conversion of industries and businesses that are no longer viable and the temporary loss of jobs.

Today, we cannot think of globalization without a full grasp of the meaning of the development of scientific and technology, which can no longer be viewed as a lesser activity. We cannot disregard the vital role of scientific and technological development as the key motive force for growth and well-being. Scientific progress is today a crucial tool for eradicating poverty, creating employment opportunities, improving the quality of life, promoting culture and protecting national security. It must thus be a priority concern for every government as it shoulders its responsibility for promoting the creation of new knowledge and for coming to grips with it. The key to success in international competition lies in the capacity for innovation.

Today we are looking at globalization from the economic standpoint and are therefore assessing the social consequences of that phenomenon. But we must not forget that globalization must be conceived first and foremost as a cultural phenomenon which then becomes an economic phenomenon. Why is this? Because it is born of science rather than of the economy. Globalization is a fact, not an ideology. It is a fact that has astonishing consequences: in 50 years there has been a five-fold increase in world production and a 15-fold increase in trade flows. Hence, it has an impact on the development of capital and currencies; what increases enormously is production. This means that wealth is not merely the physical or material product itself.

Another consideration worth mentioning is that globalization has not eliminated blocs. Countries find it increasingly necessary to supplement each other's needs and foster free-trade spaces. That is why our country, Uruguay, has sought to respond to this new challenge by joining MERCOSUR in order to accelerate and update the liberalization process and progressive association of Latin America. It was not by chance that the General Agreement on Tariffs and Trade negotiations were initiated in our country, since we felt the need to lead and promote the trade liberalization process. Uruguay views the integration process as a mechanism for joining the globalized world.

Our country experienced a crisis in the early 1980s and absorbed its lessons. Thus, we have since developed a policy based on careful regulation, which today allows us to enjoy a sound and solvent financial system. Our Government therefore recently ratified its commitment to meeting the economic goals established for this year and set its priorities for 1999. These priorities include an inflation index of between 4 per cent and 5 per cent; economic growth of approximately 3 per cent; and a fiscal deficit of approximately 0.8 per cent, maintaining the basic balance of our economy through essential fiscal measures, specifically in public spending.

We also support any precautionary measure that may be adopted by the International Monetary Fund (IMF) to mitigate the devastating effects of the global crisis that is currently of such concern to us. These commendable efforts are being made not only by our country, but by the rest of the region as well. We must all fulfil our duties – the developed countries in their sphere, the Bretton Woods institutions in theirs, and the various Governments in complex budgets of their national economies, continuing to promote the necessary structural reforms and assisted by the competent international agencies.

The impact of globalization on our region, and especially the effects of the recent financial crisis, are directly affecting our economies. Over a year ago, when the South-East Asian crisis erupted, our perception of these matters changed drastically. Latin America needs to attract $50 billion a year in private international investments in order to sustain its rate of growth. This cannot occur if the gain per risk for each country does not return to its previous levels.

Nevertheless, returning to a consideration of the region as a whole, there is some fear that the loss of trust in the markets and the evolution of our countries may lead to a round of devaluation, which will revive inflation, thus recreating the vicious circle of past decades. One of the main problems is that the Asian debacle and the recent financial crisis in the Russian Federation have not only eroded confidence in those countries, but have spread the contagion to Latin America as part of the so-called emerging markets, without reflecting the differences in their domestic circumstances. In this respect, Uruguay is a noteworthy exception to the rule, since the country's national debt is categorized at the investment level and therefore allows outside financing at low cost.

To conclude the dialogue that has brought us together today, we would simply repeat the statement of our Minister of Economy and Finance at the recent meeting of Presidents of the Central Banks and the IMF. The Minister said:

> "Uruguay, as a small country, will be unable to solve global problems, but will certainly strive to avoid complicating them further."

The Acting President: I give the floor to Mr. Abdul-Qader Ba-Jammal, Deputy Prime Minister and Minister for Foreign Affairs of Yemen.

Mr. Ba-Jammal (Yemen) (*interpretation from Arabic*): At the outset, I extend to Mr. Opertti our warmest congratulations on his election to the presidency of the General Assembly at its fifty-third session. I am confident that the Assembly's work at this session will be crowned with success under his able leadership.

We are discussing today an issue that preoccupies us and affects our nations' and States' lives and relations. That is because it is closely linked to our destiny and future, as well as to the parameters and features of that future for the coming generations.

Many of us understand that globalization is the theoretical economic option of free trade and liberalization following the collapse of the socialist economies and the end of the cold war in the twilight of this century. Some of us understand that globalization is a new tool to control the division of labour in the world and to maintain the status quo of the poor and consumers without ideological or political slogans. Each of us can interpret globalization however it may serve national and regional economies. That is because, to date, no one can claim that globalization is a theory or philosophy conducive to international cooperation and humanity's happiness.

This question requires a more comprehensive and detailed dialogue that focuses directly on tangible matters, such as the terms of transportation and liberalization, the movement of capital and investments, safeguards and financing. We must therefore engage in an in-depth discussion that concentrates on details, illuminating the issue and helping us to understand it.

We ought all to share an equal understanding of the matter at hand. We, the group of least developed countries, view globalization with terror, because isolation and marginalization will threaten our countries if we do not help one another. We have seen these active patterns in Asia, whose economies were until recently described as miraculous. Today, we are witnessing violent fluctuations there. If globalization is a comprehensive concept, it ought to help us understand and solve crises. The approach of globalization should include constant, permanent and stable guidelines, including ethics and sound initiatives and transactions in the areas of financial markets, investment and monetary policy.

The questions of developing and least developed countries remain unanswered because the responses entail obscure possibilities and visions. To simple people who are looking for a way out of their indigence and poverty in countries such as ours, talking about globalization appears to be an intellectual and theoretical luxury. Globalization currently does not present any tangible picture of equality. What is even more dangerous is that we are talking about globalization as if it were a future, providential destiny and a single option. Such logic hampers dialogue and may even block all opportunities for free thinking. It makes it appear as if we were engaging in contracts of submission.

The least developed countries, including Yemen, need to undergo an immense rehabilitation process in order to lay the necessary developmental and economic groundwork with a view to contributing to international integration and to playing a role in international partnership.

Globalization means new systems, radical reform programmes and new, effective and active government instrumentalities. All this cannot be fulfilled with a magic wand. We need intensive efforts and broad cooperation. The matter is not related solely to cooperation among countries at the governmental level. It relates also to broadening cooperation with private capital and the enhancement of work techniques.

While the positive elements and prospects of globalization offer opportunities for economic progress and prosperity, the narrowing of huge gaps is the main approach to making globalization not a marginal, but a true, system of partnership. Consequently, the question of narrowing the basic economic, technical, communication and administrative gaps emerges as a substantive and basic issue.

In this connection, what are the Bretton Woods institutions, the World Bank, the International Monetary Fund and other affiliated institutions and agencies going to do? They have to transform themselves from institutions that hasten to manage crises into institutions that try to prevent the emergence of such crises. They must also work with the group of richest nations which are capable of formulating a development programme of rehabilitation for developing and least developed countries so that our world is not confronted with great disparities under circumstances in which some of us are caught unawares, and even without other options which are less taxing to us. Our countries have to understand precisely the road they are travelling, the terms under which they are participating in the process and the price they have to pay, and to what extent.

In conclusion, some of us have posed questions on this occasion, while others have tried to answer some of them. That, in reality, is the value and benefit of such excellent exchanges.

The Acting President: I now give the floor to the representative of Nigeria.

Mr. Osio (Nigeria): On account of unforeseen circumstances, and considering that copies of our statement have been duly filed with the Secretariat since yesterday morning, when we were to have spoken, my Ambassador, the Permanent Representative of Nigeria, has sent me to deliver the statement of the Nigerian delegation on behalf of our Foreign Minister, who is unable to be here due to other pressing national assignments.

The Foreign Minister has asked me to congratulate the President on his recent election to lead this session of the General Assembly and to assure him that he eagerly looks forward to participating in all the business of the days ahead. We also want to thank him for the opportunity to participate in this high-level dialogue, whose complex theme is very relevant to us in the developing world. Meetings of this nature advance our knowledge of the issues and the stakes.

At the outset, my delegation fully associates itself with the statement made yesterday by the Foreign Minister of Indonesia on behalf of the Group of 77 and China.

In our large world, which technology is turning into an ever shrinking global village, it has become clear that no one nation can afford to be an island unto itself, as very few nations, if any, can boast of having all their socio-economic and scientific needs provided solely from their own natural endowments within their national frontiers. Interdependence among nations big and small has therefore become as inevitable as the need to free their economies in a global market, in the hope that needed goods and services can be exchanged among nations on an equitable, transparently predictable basis. In this light, globalization becomes, as it should be, a people-oriented means — not an end in itself — of satisfying the needs of interdependent peoples, or one global family.

My delegation believes in the utilitarian value of globalization. But however new the concept is, has globalization always been beneficial to the people it is meant to serve? No. In what ways have its effects been adverse? Several. For lack of time, we will proffer only a few reasons for this situation, which policy makers need to look into.

For instance, to a large extent, the current global financial turmoil — which has severely affected the hitherto tiger-strong economies of South-East Asia — could be traced to the efforts of the countries of that region to embrace the concept of globalization and the liberalization of their economies to absorb foreign direct investment flows. The volatility of the currency markets which ensued finally left in its wake telling adverse social and economic effects on the people of those countries, with potential contagious effects for other economies of the world.

On the other hand, the comparatively poorer economies of some other nations which, against great odds, exerted lesser liberalizing efforts to join the mainstream of the global economy, cannot be glossed over. Since the early 1980s net inflows into the 40 nations, mostly in Africa, which are classified as highly indebted poor countries have averaged 1.5 per cent of national income per year. This factor increased their external debt from $55 billion in 1980 to $206 billion in 1996. For this set of countries the current global financial turmoil rooted in efforts at globalization will compound an already bad situation, given other factors. Among those factors is the ever-falling price of commodities, for which reason the global market cannot provide the poor developing countries with any respite from their excruciating foreign debt burden. Such nations will therefore continue to suffer weak growth and poor export performance. The ultimate result is that, unless a deliberate policy is implemented to cancel their debts, any effort on the part of those poor countries to get on the globalization train will be fatally crippled and their citizens caught in a quagmire of further social and economic deprivation.

It is a valid point that while globalization can have good and bad social and economic impacts and benefits, there are also socio-economic factors which can stunt the efforts of willing nations at integrating into the global economy. Both hold good food for thought on the design and delivery of the appropriate policy options.

In fact, in an intricately interdependent world such as the one we live in, no nation should be marginalized from globalization and its benefits. In this same spirit, all nations should assist one another to remove all the obstacles, tariff and non-tariff, that bar their way to integrating into the world economy. In both the deregulating and liberalizing processes, eventual globalization should have a human face and aim at maximizing the economic and social benefits to the nations and citizens involved.

Indeed, it should give no one cause for joy or comfort, in any quarters, to see that in a world affected by the process of globalization, more than a billion people live in poverty, in absolute terms, and have been marginalized within the same international civil society and thereby denied the opportunity and economic right to participate in a productive economic life.

On a brighter note, we have seen, and are indeed encouraged by, the open concern and spirit of solidarity being displayed by some developed countries with respect to the financial turmoil which has engulfed or threatens to engulf their counterpart developed countries. We appreciate the frantic efforts being contemplated to avoid its contagion, and we welcome the extension to the developing countries of this spirit of making globalization trouble-free. Under the one-family umbrella of the United Nations and with the help of the multilateral financial institutions, we should see to it that just like the ignorance and adverse consequences that accompanied the efforts of each nation before integration, the benefits and joy consequent upon globalization should be made to go round our interdependent world.

The President (*interpretation from Spanish*): I give the floor to the Permanent Representative of El Salvador.

Mr. Castaneda-Cornejo (El Salvador) (*interpretation from Spanish*): El Salvador is pleased to take part in this high-level dialogue of the General Assembly on the theme of the social and economic impact of globalization and interdependence and their policy implications, and we fully support the ideas put forward by the Minister for Foreign Affairs of Indonesia, Mr. Ali Alatas, on behalf of the Group of 77 and China.

The issue under consideration is relevant indeed, as we believe that a candid exchange of views and experiences can contribute to our thinking and allow us jointly to analyse and seek mechanisms to overcome the negative impact of this important and inevitable phenomenon, which has affected the developing countries in particular.

Globalization and the liberalization of markets has provided great opportunities and major challenges for the international community. The advantages of globalization are known to all. Major progress has been made in poverty reduction, and international trade and private capital flows have reached unprecedented levels. The major advances in the areas of technology and information have practically eliminated the barriers of time and distance.

However, as is well known, not all countries are benefiting equally from globalization. Countries with small economies, as well as the more vulnerable sectors of society, are still marginalized by globalization. We are concerned to see that the gap between countries as well as within the countries themselves continues to widen.

The international community must jointly work in a spirit of cooperation in seeking solutions to reverse this trend, and it must devise measures to ensure that the opportunities and advantages provided by globalization may be shared by all countries and all national sectors of those countries in a more equitable and fairer fashion.

The dangers of growing interdependence have been made clear in the analysis that was made of the recent economic and financial crises that have affected various regions of the world and particularly the most vulnerable sectors of society. The contagion effect is such that financial crises in one region have a negative impact on different parts of the world and reach different sectors of the international community, making it clear that this could bring about the threat of a worldwide recession. More then ever before it is imperative to join and redouble efforts in order to establish mechanisms aimed at reducing the dangers of this interdependence and avoid that which some rightly label "the globalization of economic and financial crises".

It is also important to establish national, regional and even multilateral mechanisms in order to monitor and watch closely capital flows, particularly short-term ones, in order to avoid the drastic capital flows that can lead to destabilization and financial crises. We believe also that it is of the utmost importance to establish social safety nets in order to protect and safeguard the most vulnerable segments of society.

We cannot speak of globalization without touching upon the issue of cooperation for development. We all are aware that in this era of globalization and liberalization of markets, the role of international trade and private investments is becoming increasingly important in developing countries to foster economic growth and sustainable development. It is true that private capital flows from developed to developing countries have been increasing, often rapidly. But it is also true that such flows are not distributed equitably among all countries. Countries with smaller economies, such as mine, are often excluded from the benefits of private investments.

We note with great concern that in recent years official development assistance has been consistently decreasing. For many countries, including mine, official development assistance continues to be an important resource for us to carry out programmes aimed at achieving sustainable human development, which depend largely on international cooperation programmes.

It is important to recognize that most social projects, such as education, health care and basic infrastructure, do not succeed in attracting private capital, because often these sectors present few opportunities for profit for national or foreign investors. Official development assistance will continue to be an important complementary effort, and one that is in some cases indispensable to guarantee the sustainable development of developing countries. Thus, we deem it very important to strengthen mechanisms of international cooperation and financing for development.

El Salvador recognizes the importance of our country's integration into the world economy, and countless efforts are being made towards this objective. Since 1989, El Salvador has been implementing a system of social market economy and has already achieved a stable macroeconomic situation with sustained growth. We have also been carrying out a policy of comprehensive liberalization of our economy, with major tariff reductions and the elimination of non-tariff barriers, consistent with the World Trade Organization's regulations. There are programmes of State modernization, within which important measures and decisions have been taken, such as those to privatize the telecommunications and energy sectors, with part of the funds from the sale of State enterprises being used to implement a set of major social investment programmes. We are also implementing a national competitiveness programme wherein the training of human resources, the promotion of exports, in particular of non-traditional exports, the attraction of investments and the modernization of our infrastructure are of fundamental importance.

One of the objectives of El Salvador's economic openness is the promotion of national and foreign investments in the country, focusing on efforts to diversify the productive sector and designed to promote the development of technological capabilities so that it can meet the challenges of globalization. Openness has led to favourable results that have placed El Salvador in a stable economic position, which has been recognized by institutions of international prestige.

Nevertheless, El Salvador has difficulty in attracting direct investment capital because of increasing competition. As many other speakers have stated, only a small number of developing countries attract the great majority of private capital flows, and the weaker countries are marginalized despite their major efforts to organize and adjust their macroeconomic policies so as to become part of the world economy.

Finally, I would like to place special emphasis on the need for the United Nations to continue making efforts to promote dialogue on international cooperation for development. We, the developing countries, are working to become part of the world economy. But we need to have a climate of security which will guarantee access for our products to world markets without conditions and disguised protectionism. We need the right climate to promote the transfer of technology in full agreement with the rules on the protection of intellectual property but with favourable conditions for the developing countries. And we need an environment which will facilitate transfers of private capital, especially for countries, such as El Salvador, which have small economies but which have made positive strides to achieve a stable economy in a context of consolidating democracy and promoting human rights.

The Acting President: I now give the floor to the Rapporteur of the first ministerial round table on national responses to globalization, Mr. Percy Metsing Mangoaela of Lesotho.

Mr. Mangoaela (Lesotho): Allow me to present to this plenary meeting of the General Assembly a summary of one of the two ministerial round tables on social and economic impact of globalization, the one on national responses that was held this morning.

The ministerial round table opened with a statement by the Chairman, Minister of State Helmut Schäfer of Germany. The discussions revolved around the challenges and opportunities arising from globalization, the need for a level playing field for developed and developing countries to ensure an equitable sharing of the benefits of globalization and the need for national policies on the part of developing countries and their partners with a view to facilitating integration of developing countries into the global economic processes, as well as to protect the segments of the population that are adversely affected by globalization. The round table addressed a number of salient issues, including the following:

First, globalization was seen as an inevitable process. This is now a universally shared perception. It is also widely believed that it has the potential for providing substantial opportunities to all countries. There is hardly any scope for countries to opt out of this process; a country stands to lose much by deciding not to opt in. One should not overreact to pressures and costs that globalization can impose on countries or segments of the population. While such difficulties, and the perception of Governments' powerlessness in coping with forces causing instability, can engender deep uncertainty and frustration, that should not lead one to believe that globalization is an evil force that can and should be abandoned.

Secondly, there was the need for a level playing field. Although tremendous gains had been made from globalization, such benefits remained unevenly distributed among and within countries. Industrialized countries had made substantial gains from the process. For an overwhelming majority in the developing countries, the consequences of globalization had been traumatic. Most developing countries did not have the institutional endowments to effectively integrate into the world economy. Even within industrialized countries, certain segments of the population had been excluded from the benefits of globalization. For countries bypassed by the globalization process, costs of the process appeared to be much higher than the benefits accrued. In many developing countries, social consequences included worsening poverty and declines in employment, education and health status. The asymmetric distribution of benefits and risks arising from globalization warranted a new contract between developing and developed countries based on genuine solidarity and shared responsibility, with a view to creating a level playing field for all countries to take full advantage of the process. A central aspect of this contract should be a common vision of universal growth and development that benefits all Countries and all individuals.

The President took the Chair.

Thirdly, there was a need for national policy responses. Managing globalization was viewed as a fundamental issue. Countries needed to fashion an optimal response by designing and sequencing their integration into the world economy in a manner commensurate with their particular circumstances. Policy approaches to this should contain a proper balance of emphasis between maximizing opportunities and minimizing risks. A properly sequenced approach was advocated as opposed to big-bang liberalization.

Developing countries should bear the primary responsibility for their development policies and measures. They should pursue sound macroeconomic policies, strive to increase domestic savings and investment, strengthen institutional, legal, regulatory and supervisory capacities and improve economic management in the public and private sectors. They should ensure transparency and accountability in the decision-making process and avoid corruption.

In coping with crises arising from globalization, new regulations to anticipate such crises were needed. Reduction of private-sector debt commanded particular urgency. Once a country slumped into deep difficulties, it might need to have recourse to a temporary standstill with regard to outflow of capital, as suggested in the *Trade and Development Report 1998*.

While some sections of the population might be excluded from the benefits of globalization, or even be harmed by the process, it would be important to build international strategies – such measures as might ameliorate the negative consequences of globalization. There was a need to put in place social safety nets to shield vulnerable segments of the population from the possible deleterious consequences of globalization.

And finally, although the topic for the morning was national responses, there were so many intersections between national and global responses that there were a few diversions into international responses. The morning session talked about increasing official development assistance to support the development of certain sectors such as education, health and infrastructure, as well as debt reduction, support for setting up social safety nets, fairer trading arrangements and facilitating private capital flows.

As can be seen from the summary I have just given, the exchange was comprehensive and deep and was undertaken with all seriousness. The outcome truly justifies the time spent on the examination of the issues raised by globalization and liberalization – only as a starting point for a focused and long-term addressing of these phenomena.

The President *(interpretation from Spanish)*: I thank the Rapporteur of the first ministerial round table, and I now give the floor to the Rapporteur of the second ministerial round table on international responses to globalization, His Excellency Mr. Jānis Priedkalns of Latvia.

Mr. Priedkalns (Latvia): In reporting on the ministerial round table on international responses to the social and economic impact of globalization, I acknowledge the excellent contributions of the Chairman of the round table, of the national representatives and the representatives of the United Nations agencies, the United Nations Development Programme, the World Bank, the International Labour Organization and the United Nations Under-Secretary-General for Economic and Social Affairs.

In the view of the speakers, globalization represents the dynamics of the world economy at the end of this century. The processes that have facilitated the technological innovations of the recent past have guided the process of globalization. Capital today has an unparalleled degree of mobility. The volume of world trade and foreign direct investment is increasing more rapidly than the gross domestic product, and a growing proportion of the investment takes places in transnational companies.

At the same time, globalization, in the view of the representatives, entails risks for societies and economies. While the international responses to the social and economic impact of globalization are generally assessed positively, the national responses are varied. It is stressed by many societies, particularly the smaller and technologically less developed ones, that social structures should develop in parallel to the new economic environment. It is emphasized that marginalization may constitute a serious problem for those countries most in need of increased trade, investment and growth, as well as of stronger financial structures to absorb the stresses of sudden shifts in market orientation. This raises the prospect of a widening gulf between countries that are able to benefit from globalization and those that find it difficult to profit from a liberalized, deregulated system.

It is also feared that globalization endangers social structures and undermines cultural diversity, as well as national and regional identities. These challenges transcend the economic sphere and point to the need for culture-based instruments to address effectively the issues of inclusiveness and the participation of all peoples.

Recent events have shown that the current global financial crisis is not an Asian crisis; it is much more pervasive. No one is quite safe. An adequate international response has become necessary. Indeed, much improved global governance is required to match the challenge.

The development of national systems — financial, taxation, accountability — must be accompanied by global regulation, particularly in reference to foreign-exchange turnover, which we know is significantly greater than the real economies themselves yet affects exchange rates. The 1990s have shown this problem to be partly explained by the money-transfer system. Secondly, the trade account instruments only partly shape a country's position. Rather, it is capital, assets and investments that are responsible for the trade account situation.

Contrary to the past, problems today have emerged not because of current account imbalances, but because of sudden, disruptive changes in the capital account. The amounts of resources involved are of such magnitude that they have overwhelmed the available funds in the international financial institutions, despite very strong additional bilateral support for many countries. Thus a plan for an adequate level of funds to anticipate and to prevent future crises remains a major collective challenge.

In the short term, the key is to assess the capability of the international monetary system to manage the crisis. Two possible avenues were presented by the speakers: redrawing the global financial rules with marginal institutional changes, or redesigning the global financial architecture. Whatever the avenue chosen, it is essential that we adapt the international financial institutions to the requirements of the next century.

Besides designing financial rules of international governance, domestic policies are also important. Prudent regulations and good management at the national level are essential.

Globalization, in the view of most of the speakers, is irreversible. Yet exclusively market-driven globalization is acknowledged to be indifferent to fairness, indifferent to human and social progress. Major joint efforts by members of the international community are needed to devise norms in order for globalization to become truly supportive of human development. The United Nations itself is the most obvious candidate to assume normative leadership in this process.

We are faced with a major task. In the view of the speakers, national and international responses are required to make globalization an overall positive development so that the quality of life — both economic welfare and the enjoyment of cultural heritage — of all people may be improved. Policies must be designed for fair world trade and a global civic society so that the benefits may be shared by all people.

As emphasized by the representative of the International Labour Organization, social and human progress on the one hand and economic growth on the other must be linked. Human resources world wide must be involved, with the United Nations agencies and the Economic and Social Council playing a central role in shaping the vision of the future of the world. The capacity for teamwork and the experience of the United Nations form a solid basis on which to carry out this task.

The President (*interpretation from Spanish*): I call on the representative of Indonesia, who will make a statement on behalf of the Group of 77 and China.

Mr. Alatas (Indonesia): We have come to the conclusion of what has undeniably been a very productive and enlightening two-day dialogue on issues of vital importance to the Group of 77 and China and to the world at large. Over the past two days we have focused our deliberations on the social and economic impact of globalization and interdependence and on their policy implications.

At this point I shall not endeavour to present a summary, much less outline the conclusions, of our discussions. The rapporteurs of the two round tables, one on national responses and the other on international responses to globalization, have provided us with insightful reports on how the lively and stimulating debate proceeded. From the discussions a very encouraging convergence of perceptions emerged among all participants — representatives of Governments, of United Nations agencies and of non-governmental organizations; representatives of developed and developing countries — as to one particular current aspect of globalization, namely the recent financial and economic crisis, which started in one part of the world, East Asia, but which in its scope has now undeniably become a global crisis and which in its nature has evolved from a monetary and financial crisis to a full-blown economic and social crisis.

It is also quite clear that, in facing globalization with its vast opportunities as well as its dire challenges, the international community is called upon to take urgent steps — globally, regionally and nationally — to manage this force of globalization with a view to maximizing its benefits and minimizing its risks.

At this stage, I would like to express, on behalf of the Group of 77 and China, our deep appreciation to the Secretary-General and his able collaborators for making it possible to convene these important meetings, and to our partners in the developed world for responding so positively to our call for a renewal of the dialogue.

As may be recalled, the Group of 77 and the non-aligned countries called for this renewal of the dialogue some four years ago in the hope that this dialogue would not only strengthen economic cooperation among all countries, developed and developing alike, but would do so on a new basis, a basis that had not hitherto been applied or adopted in similar circumstances. That new basis, as has been elucidated on several occasions, is one that derives its importance from a sense of common benefit, of mutual interest and of genuine interdependence. These together, in the hope of the developing countries, will result in a new kind of equitable global partnership.

We hope that this first, very encouraging step of a renewed dialogue will not stop here as a one-shot affair. We hope that from this dialogue will grow a habit, an agreed way of continuing, and a further developed dialogue on issues of vital common interest to both the developed and the developing countries. We hope that the new approach to this dialogue — as I said, based on a commonality of interests and of benefits rather than on a confrontational agenda or on the adversarial approaches of the past — will lead us to the resolution of problems that require our urgent attention and urgent common action. We believe that the current economic and financial problems of the world require global solutions that can only be achieved through such a partnership, and that globalization makes it even more imperative that we work together to face the challenges of the coming millennium, which is already knocking at our door.

The President *(interpretation from Spanish)*: I give the floor to Mr. Lennkh, representative of Austria and Director-General of the Department for Cooperation and Development of the European Union, who will speak on behalf of the European Union.

Mr. Lennkh (Austria): Speaking on behalf of the European Union, I should first like to express our gratitude to the Secretary-General and to Under-Secretary-General Mr. Desai and his team for organizing this meeting, which, given the current economic turmoil and uncertainties, has indeed been very timely.

We also welcome the interactive format of this meeting, in particular the inter-ministerial round tables, as well as the expert panels.

For us, too, now is the time not to give a complete summing up of this very rich and lively debate, but only to make a few points and highlights of what we have retained from this discussion. We thought it was a very constructive discussion on the opportunities, challenges and risks of globalization. There was a broad consensus that free trade and free capital movements have brought about gains and opportunities to developed as well as developing countries. It was also felt, however, that not all countries benefit equally from these gains and that it is in particular the least developed countries that are facing severe problems of marginalization.

There are adverse effects of globalization, such as the volatility of short-term capital flows, which carry serious risks, in particular for many of the emerging market economies. From the various interventions which addressed national experiences, there emerged a fairly wide consensus on the importance of appropriate policy responses to these challenges at the national level. There seems to be a growing convergence on what sound policies are. Besides strong macroeconomic fundamentals, a sound institutional and regulatory framework is critical for effectively managing the consequences of globalization.

But it was also pointed out, very importantly, that the social dimension must be an integral part of these policy responses, including a better distribution of the benefits of growth. The need to support, in particular, the poor developing countries in improving their institutional and management capacities to cope with the challenges of globalization was widely felt. There is also a continued need for substantial official development assistance flows, both for the institutional tasks and for the purely humanitarian response that is necessary in many cases.

There was a strong call to refrain from protectionism and isolationism. There was a broad consensus that there is a need for strengthening the multilateral system for coping with the urgent tasks which are before us. But common responses have to be built on shared values that reflect the broader aspirations of our global societies. The United Nations, with its broad mandate and its legitimacy, is a unique forum for defining the principles and norms necessary to harness the potential of globalization.

Let me conclude that, in the end, many questions arose from this meeting. We do not yet have the answers and it is now time to give thought to common responses. We therefore gladly take up the call of the representative of Indonesia, speaking on behalf of the Group of 77 and China, to work at these responses in a true spirit of partnership.

The President *(interpretation from Spanish)*: I now give the floor to Mr. Michael Southwick, Deputy Assistant Secretary of State for International Organizations of the United States of America.

Mr. Southwick (United States of America): I want to express the appreciation of the United States Government for the opportunity during this dialogue to advance our mutual understanding of the opportunities and risks associated with the process of globalization, a process that has surprised all of us by the speed with which it has transformed our lives. Indeed, this dialogue, as stated by our Colombian colleague just a few minutes ago, has been conducted under a new spirit of partnership rather than confrontation.

In his speech to the New York Council on Foreign Relations on 14 September, President Clinton clearly articulated our common stake in the continued expansion of a stable and open world economic order that can serve the needs of ordinary people around the globe. He has pledged that the United States will work with our international partners to mitigate the impact of the current financial crisis and to intensify our efforts to reform our trade and financial institutions so that they can respond better to the challenges we now face and those we are likely to face in the future. He has expressed what all of us here feel – that it is unacceptable that economic turmoil should plunge millions into sudden poverty and misery. The United States will not stand by and watch this happen.

This has been an exceptionally frank and constructive dialogue. Speaking for the Group of 77 and China, Indonesian Foreign Minister Mr. Ali Alatas, in his opening remarks, considerably advanced our discussion. He reminded us that we share a common commitment, developed over decades, to combat poverty and that we have a legacy of cooperation and institutions which we have laboured to construct for that struggle. We can also all take heart in his faith that even the most severely affected economies are capable of an early recovery, given an environment that is conducive to rigorous reform, access to development finance and export markets, and participation in technological progress. In short, the answer lies not in resisting globalization – that is neither possible nor desirable – but in making it work better.

The United States is well aware of the pain of adjusting domestically to globalization. We can well understand the impact of the current financial crisis on the poorest, the potential threat to new democracies and the temptation to seek short-term relief by returning to failed policies of the past. We therefore express our admiration for Governments that are determined to stay the course towards our common vision of a stable world comprised of open, prosperous, democratic societies.

The exchange here over the past two days has opened many windows on the social and economic impact of globalization. It is clear that we must move beyond the status quo. The challenges are quite formidable.

Nevertheless, while the impact of the financial crisis is already broad, we must distinguish among the issues confronting those countries which have aggressively embraced the globalization process by liberalizing their economies and those which have not. Similarly, while the current economic crisis has already had severe social consequences in many countries, we should recognize that those countries which have already effectively addressed the structural causes of poverty by investment in human capital, expanded democracy and sound employment-enhancing policies face a very different problem from those which have not. Finally, the fact that nearly every speaker here agrees that institutional weaknesses, international and domestic, are the core of the problem should contribute to shaping a positive and comprehensive approach to globalization. Balancing reform and relief, country by country, will need careful attention.

President Clinton has already proposed a six-point response to the financial crisis. The discussions here will provide valuable input into that process. The United States Agency for International Development is already adjusting its assistance programmes to take into account the human consequences of the crisis by providing support to social safety nets and financial institutional reform. As stated earlier, the United States will work with the international institutions to find solutions. The Clinton Administration fully understands the importance of strong international leadership on these issues. We will contribute our part.

The President (*interpretation from Spanish*): I now give the floor to the Secretary-General, Mr. Kofi Annan.

The Secretary-General: Mr. President, Excellencies and friends, ladies and gentlemen, there can be no subject more important than the one you have been discussing here for the past two days. Nor could your meeting be more timely. I am only sorry I was not able to be with you throughout the discussions. As you know, the dates for this meeting were fixed at short notice, and I had a long-standing engagement elsewhere which I felt I must respect. But I have been following your proceedings closely through my staff. I congratulate you on getting down to the hard substance of your agenda, and I am glad you have done so through informal panels with outside experts. That is one more example of fruitful interaction between States and non-State actors, which I hope the world is coming to see as a hallmark of the United Nations.

What started last year as an Asian crisis is now clearly becoming global. No part of the world is unaffected, though of course not all regions are affected in the same way. Indeed, not the least dangerous aspect of this crisis is that it threatens to further widen the gap between the rich and the poor, both within countries and at the global level. In a sense, this is the first major crisis of globalization. But I am glad you have not wasted your time discussing how far it should be blamed on globalization. That might be interesting for historians, but it would not be helpful for policy makers like you. Globalization is a dominant feature of our times, and we have no prospect of reversing it, even if we wish to do so. What we do have to do is to devise ways of managing it better. We have somehow to maximize the benefits and to protect those who are in danger of becoming victims.

My good friend Ali Alatas, the Foreign Minister of Indonesia, put it exactly right when he told you that rather than stifling globalization and further integration of the developing countries, we should explore how globalization can best serve all humankind and how its unpredictability can be redressed.

I know many developing countries are going through very difficult times this year. The temptation to retreat into nationalism or populism can be strong. But I am encouraged to see that in almost every developing country those false solutions are being rejected. I noted this especially at the summit of the Non-Aligned Movement in Durban, which I attended earlier this month. That summit produced an eloquent Declaration for the New Millennium, which said, among other things, that

> "the creation of a multilateral rules-based system is fundamentally an advance, but to be successful it must carry the endorsement of, and active participation by, developing countries".

Indeed, my friends, that must be the way forward. If something has been wrong up to now it is that developing countries have often been far too passive rather than active participants in the search for a collective response to globalization.

In many of the bodies where decisions affecting the world economy are taken — from the Group of Seven through the World Trade Organization to our sister Bretton Woods institutions in Washington — the strongest voices are those of countries which have already achieved economic success. None of those institutions is infallible, nor would they claim to be, but all have a great deal of wisdom to offer. One of my priorities since I became

Secretary-General has been to forge closer working relations with them.

But the United Nations does have a unique and indispensable role to play. Our broad mandate, our universal membership and our ability to involve non-State actors, all make the United Nations uniquely well equipped to help forge a global response to the crisis, which is global not only in the geographical sense, but also in the range of issues that it raises. We have, I believe, a special responsibility to insist on the need for global solutions based on global rules that are fair to all. We also have a responsibility to ensure that nations react not by turning away from each other, but by coming together to find solutions based on the founding principles which we all have in common. And we have a responsibility to insist that the interests of those hardest hit by the crisis are not forgotten.

This year, according to our latest estimates, the cost to developing countries of the collapse in commodity prices is equivalent to roughly 8 per cent — and for Africa as much as 15 per cent — of the value of their 1997 exports. Those figures imply terrible hardship for millions of individuals. Something must be done to bring them relief. The most obvious measures are those mentioned to you by the Deputy Secretary-General yesterday: increased flows of official aid, carefully targeted to meet the real needs of the poor; and swift action to reduce the debt burden on the poorest countries, which the crisis has made even more unsustainable. The industrialized world, so far, has been relatively little affected. But, as its leaders are beginning to recognize, that state of affairs cannot continue indefinitely.

A week ago Wim Duisenberg, the president of the new European Central Bank, warned that the international financial turmoil will have a dampening effect on world growth. And on Monday President Clinton said that the future prosperity of the United States

> "depends on whether we can work with others to restore confidence, manage change, stabilize the financial system and spur robust global growth".

I very much welcome that statement, and the six-point programme which the President announced seems to me to be an important starting point. Certainly the crisis cannot be solved unless the industrialized nations shoulder their responsibilities and resolve to work with others to find solutions which take the interests of all countries into account.

If they do that, even this agonizing crisis may have some positive side-effects. It may be an opportunity for the world at last to approach global problems in a truly global spirit.

The United Nations stands ready to play its part, and the Assembly's work over the last two days shows that we have an important contribution to make.

The President (*interpretation from Spanish*): I thank the Secretary-General for his statement.

Over the last few days we have participated in this meeting and have witnessed the success of a true innovation in the work of the Assembly. During this high-level meeting, we have seen a creative combination of various modalities of action: a plenary debate in which delegations expressed their national positions; two ministerial round tables devoted to the consideration of national responses; and international responses to globalization. This allowed for a productive and stimulating exchange of views on fundamental aspects of the experience acquired and of the policies adopted at the national and international levels. Two informal group meetings also took place, yielding a great deal of specialized information: knowledge and perspectives from the private sector, academia, unions and civil society as a whole.

We have considered from various angles the broad and complex question of globalization, its economic and social consequences, and possible responses from a political standpoint. Our dialogue has been very constructive. The debates and deliberations have been rich in content and replete with ideas and proposals that will lay the groundwork for finding solutions. The statement just made by the Secretary-General and the statement by the Deputy Secretary-General, made at the beginning of our endeavours, laid out the guidelines and directions that are emerging, or seem to be emerging, from these dialogue meetings.

I could not possibly do justice to the wide range and diversity of views and opinions and the wealth of ideas and suggestions submitted here if I tried to summarize them in their entirety. Therefore under my leadership and in consultation with delegations, a detailed summary will be issued and circulated at a later stage. For the time being, however, I should like simply to make a few observations and underscore some main issues.

These high-level meetings have shown the usefulness and the value of holding a dialogue in these circumstances, with ministerial participation, on the question of globalization. This is an extremely important issue, as it has an impact on humankind as a whole. For that reason, the need for this dialogue has been widely acknowledged.

Dialogue itself constitutes interaction aimed at broadening understanding and helping to find solutions. In this connection, I believe that it would not be overstating the case to say that the first step has been taken here in promoting better understanding and establishing and identifying the areas where new measures are needed. The value of this opportunity, the relevance of this dialogue and the key role played by the United Nations in promoting this dialogue have been recognized by all.

Everything seems to indicate that globalization is inevitable, that it is a fact of life and not an option. There is no choice to be made. It is a positive force of global proportions, not a negative one, but in some circumstances it can act blindly. To avoid that possibility it must be very carefully channelled at the national and international levels.

Internationalization or globalization — words that are often used interchangeably — allows resources to circulate throughout the world, promoting growth and thus social well-being.

In order to achieve better integration in the world economy, countries must have solid macroeconomic policies; they must devise effective legal and political frameworks; their physical, material and human infrastructures must be up to the task; and they must carefully manage their economies. Developing countries, for their part, have the primary responsibility of satisfying those requirements, but international support and international cooperation continues to be of the essence in order for such efforts to be successful.

While it is true that extraordinary achievements have already been registered as a result of the globalization process and of development efforts, the changes inherent in that process and technological advances have led to increased uncertainty and risks. That fact has been acknowledged here.

Disparities in income levels have continued to increase, seriously impeding attempts by the developing countries to incorporate high technology into their economies and thus enhance their competitiveness.

There is a danger of a deflationary spiral at the global level, because the current prevailing worldwide crisis could certainly lead to a worldwide recession. We must therefore take emergency steps — rapid and decisive measures — in order to avert this danger.

Governments should not react by isolating themselves or moving towards autarchy but rather should keep their economies open. They must focus on their capacity to strengthen their institutions and infrastructures; stimulate the world economy; stabilizing the financial markets; increase the flows of official development assistance; alleviate the debt burden of the poorest countries and the private sector; improve market access by doing away with whatever obstacles exist; and enhance support for social safety nets.

For their part, national authorities have the responsibility to redress the failings of the marketplace, but the success of measures to overcome the crisis will depend on joint agreements and joint work carried out both by national authorities and by the multilateral institutions that were basically created for that purpose. There must therefore be a more thorough dialogue based on mutual understanding and on an appropriate allocation of responsibilities. In our view, the key point is that the current architecture of the world financial system has been shown to lack the preventive and persuasive powers necessary to avoid crises, and we must therefore redesign the system. The redesign could come from within the existing system, or both from within and from outside. The fundamental elements of the system must be transparency, responsibility and participation at all levels — national, regional and international. Each country must determine the pace and sequence of its work of liberalizing capital flows, freely taking into account its own specific needs. The United Nations and the Bretton Woods institutions will have to continue to work together in support of national efforts.

In that connection, United Nations cooperation with the World Trade Organization must be strengthened in order to promote international trade and thus avoid protectionist policies and practices. In other words, we need a trading system that is transparent and based on clearly defined norms, providing an equitable framework within which the benefits of globalization can be shared.

Africa and the least developed countries, which are threatened by marginalization, need free access to markets. Although it is true that private capital flows have greatly increased, these cannot be a substitute for official development assistance; levels of official development assistance must be increased. More vigorous efforts are required to ease the debt problem; one stabilizing factor could be increased long-term borrowing on favourable terms. Balance-of-payments surpluses could be recycled through loans and through offered without conditionality and involving the modalities of humanitarian assistance.

The marginalization of countries and groups of people within countries has been given considerable attention, as has the problem of the lack of symmetry and even the inequality to which globalization has given rise. Much concern has been expressed about the devastating social consequences of the current financial crisis, particularly massive unemployment, the loss of health and educational services, and the consequent increase in poverty in affected countries. In developing countries that are in danger of being marginalized in the process of globalization, the costs could be greater than the benefits. Therefore, urgent concerted action is required to give them greater assistance and increased trading opportunities so that they can truly take advantage of the benefits of globalization. Trade and financial channels should work together in these efforts.

It was felt that the principal problem that the authorities must overcome is to determine how to make sure that political measures intended to solve the problems of the financial markets are compatible with strategies intended to eradicate poverty. Because of the inherent instability of financial and labour markets, it is clear that there is a need to monitor, to regulate and to supervise. Yet it is clear too that the institutions needed for such activities are somewhat behind vis-à-vis the forces at work on the international scene, and an acceleration and revision of international development efforts is therefore necessary. Three basic elements have been identified for this purpose: transparency, accountability and participation. Those elements are fundamental to the preparation of budgets because they can contribute to social cohesion and financial stability.

Let me sum up: it has been said that social awareness and social contracts appear to be in danger and that they must be protected. It has been said that the universality of basic principles as they apply to labour law is a necessary element in overcoming differences in international negotiations. The fragmentation of the labour market is another source of concern. We heard emphasis placed on the role that can be played by transnational corporations and enterprises towards socially responsible globalization; the social consequences of globalization relate to the revolution in information technologies. There is a new international culture; it must not be harmful to humankind.

Because of the uneven distribution of the benefits and risks of globalization, developing and developed countries should work together to draw up a new contract based on genuine solidarity and shared responsibility, with a view to conceiving and building a new, fair framework within which all countries will benefit from the process. A key issue here is a common vision of what constitutes growth and what constitutes universal development, a vision in which all countries and peoples benefit.

Those were a few initial comments. A more detailed summary of these meetings will be issued as a document of the General Assembly. A body of important documents and statements from countries and institutions already exists. Like the Secretary-General, we believe that we are here making a contribution to ensuring that the United Nations plays its proper role in this process.

The high-level dialogue has now come to an end.

The meeting rose at 7.30 p.m.

United Nations

A/53/PV.7

General Assembly

Fifty-third Session

Official Records

7th plenary meeting
Monday, 21 September 1998, 10 a.m.
New York

President: Mr. Opertti . . . . (Uruguay)

The meeting was called to order at 10.20 a.m.

Agenda item 10

Report of the Secretary-General on the work of the Organization

Presentation by the Secretary-General of his annual report on the work of the Organization (A/53/1)

The President (*interpretation from Spanish*): This morning the General Assembly, in accordance with the decision taken at its 3rd plenary meeting on 15 September 1998, will first take up agenda item 10, entitled "Report of the Secretary-General on the work of the Organization", to hear a brief presentation by the Secretary-General of his annual report.

I give the floor to the Secretary-General.

The Secretary-General: It is my great pleasure and privilege to welcome you all to this fifty-third session of the General Assembly. I believe this could be a singularly inspiring and forward-looking session. Indeed, it could open new vistas for the Organization, and even for the world, provided we have the courage to confront what lies before us with open eyes.

When I spoke to you from this podium a year ago, my emphasis was on reform of the United Nations itself. Reform was and is essential if we are to play our full part in the new era.

Today, I can say with satisfaction that the "quiet revolution" is happening. The United Nations family has begun to act with greater unity of purpose and coherence of effort than it did a year ago. This is particularly true of the Secretariat and its relations with the programmes and funds.

That does not mean that we can rest on our laurels. Reform is an ongoing process, and I shall continue working on ways to improve our performance. During this session I hope you, the Member States, will carry the process forward, by adopting further measures to refine or revise those aspects of the Organization which only you have the power to change.

But probably the single greatest impediment to good performance is the financial straitjacket within which we operate. Financial stringency is a feature of today's world: it has helped concentrate our minds on giving you better value for your money. But without money there can be no value. Stringency is one thing, and a starvation diet is quite another.

I appeal once again to those few Member States who have fallen seriously behind in their contributions to follow the good example set by others. There can be no substitute for full and timely payment of what is due.

Reform is gradually giving us a more functional United Nations, meaning one that can perform the tasks assigned to it by Member States. We need to define the new challenges we face and devise suitable means for meeting them.

This record contains the original text of speeches delivered in English and interpretations of speeches delivered in the other languages. Corrections should be submitted to original speeches only. They should be incorporated in a copy of the record and be sent under the signature of a member of the delegation concerned, *within one month of the date of the meeting*, to the Chief of the Verbatim Reporting Service, Room C-178. Corrections will be issued after the end of the session in a consolidated corrigendum.

In 1945, at the end of the Second World War, our founders had both the chance and the obligation to recast the world order, creating this Organization to save future generations from repeating the ordeal which they had faced. Today, we in our turn are living through a vast transformation.

In some ways our task is even more difficult than that of our founders. They could work from a tabula rasa, whereas we have to respect established procedures and overcome long-ingrained habits of thought. They faced the awesome but clearly defined challenge of world war, while we are wrestling with new political uncertainties and with forces of economic change which are very hard to pin down.

But an accident of the calendar gives us a precise and dramatic deadline to focus our minds: the opening of the third millennium.

You have agreed to designate your fifty-fifth session, which falls in the year 2000, as a Millennium Assembly. I have proposed to present a report to you on that occasion, outlining a set of workable objectives for the Organization as it moves into the new era, along with institutional means for achieving them.

We have exactly two years before that Millennium Assembly. My idea is that we should use those two years to reflect carefully on what we need to do. We are not going to tear up the Charter and write a new one. Nor will we produce a blueprint for Utopia. What we must do is identify a select few of the world's most pressing problems and set ourselves a precise, achievable programme for dealing with them. Much, if not all, of that programme, I suspect, will be subsumed under a single rubric which has become the catchword of our time: globalization.

I believe that, taken all in all, over the long term, globalization will be positive. It draws peoples closer together and offers many of us choices that our grandparents could not even dream of. It enables us to produce more efficiently and allows some of us, at least, to improve our quality of life.

But, alas, these benefits are far from being felt equally by all. The long-term positive change, for millions of our fellow human beings, simply is too far off to be meaningful. Millions still live on the margins of the global economy. Millions more are experiencing globalization not as an opportunity, but as a force of disruption or destruction, as an assault on their material standards of living or on their traditional way of life. And those who feel marginalized in this way are growing more and more numerous.

The Asian downturn has triggered a worldwide economic crisis, with devastating social consequences. Some of the most successful economies have been plunged into recession at a speed which has taken the whole international community by surprise.

As usual, it is the most vulnerable groups which are hardest hit. And the countries whose economies had taken only the first faltering steps on the road to recovery are the ones that now find themselves in greatest jeopardy. The crisis has now spread to Russia. Even the markets of North America and Europe are not immune. President Clinton recently recognized the threat which this wildfire poses, even to the largest economy in the world.

We have to get together to find the answers, but who should sit at the table? The day is past when the seven major industrialized Powers could, or should, take on the task alone. Nor can this crisis be left only to finance ministers and central bankers, although their contribution is essential. I have no desire to belittle the role of the institutions where they get together, such as the Bank for International Settlements, the World Trade Organization or our beloved sister organizations in Washington, the World Bank and International Monetary Fund. As many here know, I have worked hard to forge closer ties between the United Nations and those bodies, and I am glad to say they have been very responsive. They want to work with us, and we must be ready to work with them. All parts of the international system need to come together to find global solutions to this truly global crisis.

For the issues this crisis raises are not just financial or economic, or social or political, for that matter: they are all of those things at once. They must be addressed on all those fronts. They must be dealt with both locally and globally. That is why I believe that this institution, the United Nations — which is the global institution par excellence — has an inescapable duty to respond. I therefore look forward to United Nations participation in discussions on the new world "financial architecture", such as those suggested by President Clinton.

Technical economic and financial strategies are certainly needed. But we have to define the political framework within which they can be applied. And we have to make sure that the interests of those so far left behind by globalization are not forgotten. Our special responsibility is to restore development to its rightful and central place in global economic strategy.

On the eve of the millennium, the needs and aspirations of the great majority of human beings can still be expressed simply and starkly: safe water, shelter from violence — that of nature and that of one's fellow men — enough food for the family, a job, schooling for the children and a State which does not oppress its citizens but rules with their consent.

We should not forget that the present crisis springs partly from the neglect of political factors during the years when some believed that market forces alone would bring worldwide prosperity. It was sometimes forgotten, in the exuberance of rapidly rising wealth, that in the long term a healthy economy depends on healthy politics: the politics of good governance, social justice and the rule of law.

I am not suggesting a one-size-fits-all political model as a panacea for all the problems of globalization. That would be as misguided as the one-size-fits-all economic policy which has now come to grief in many countries. Local traditions and circumstances must be borne in mind, both in politics and in economics. But certain principles are common to all.

They include legitimate, responsive, clean government, whatever its form; respect for human rights and the rights of minorities; freedom of expression; and the right to a fair trial. If these essential, universal pillars are neglected, the structure of both State and economy is deficient and is more likely to collapse when the storm comes. This means that the greatest challenge posed by globalization is that of good governance in the broadest sense.

Let me now turn briefly to the work of the Organization over the past year. I will not bore the Assembly with a recapitulation of my annual report, which I am sure all have read by now from cover to cover. But forgive me if I draw attention to a few of our successes and tell the Assembly candidly where I feel we are currently failing.

The thing I am happiest about is not what we do by ourselves but the fruitful cooperation between this Organization and non-State actors which, taken together, form the embryo of a global civil society. Two shining examples from the past year are the International Campaign to Ban Landmines and the coalition of nongovernmental organizations which lobbied for an International Criminal Court.

The former was the driving force behind the Ottawa Convention on anti-personnel mines, which I am delighted to say entered into force with the fortieth ratification last week. The latter, of course, helped us achieve the Statute of the International Criminal Court, whose adoption in Rome I was privileged to witness in July. This promises, at last, to supply what has for so long been the missing link in the international legal system: a permanent court to judge the crimes of gravest concern to the international community — genocide, crimes against humanity and war crimes. This month the first judgement by an international court for the crime of genocide, delivered by the International Criminal Tribunal for Rwanda, showed us that the institutions of international justice can have teeth. It also gives us hope that the International Criminal Court will before too long fulfil its aim of putting an end to the shameful era in which a murderer is more likely to be convicted for killing one person than for killing 100,000.

Gradually, with the help of civil society, the United Nations and its Members States are strengthening the international legal order. The fiftieth anniversary of the Universal Declaration of Human Rights makes us conscious this year more than ever of our responsibilities in this field.

The help we get from civil society in establishing legal norms and strengthening human rights is one of the positive aspects of globalization. But here too the coin has its negative side.

The non-State actors which exploit the new openness and technology of communication are not all so benign. Alongside global civil society there is what I call uncivil society: the network of terrorism, trafficking — in human beings as well as illicit substances — and organized crime.

We had perhaps the most frightening glimpse yet of this uncivil society a few weeks ago, with the terrorist bombings in Nairobi and Dar-es-Salaam. Terrorism is a global menace which clearly calls for global action. Individual actions by Member States, whether aimed at State or non-state actors, cannot in themselves provide a solution. We must meet this threat together.

What shocks us about terrorism is its indiscriminate character. Unhappily, we have also to be concerned about violence that is more precisely targeted. I regret to report that this year has seen a dramatic increase in attacks on United Nations and associated personnel. This prompts us to reflect on the conditions in which we send civilian staff into war zones where, too often, combatants seem less and less willing to respect their neutral status.

I regret to say, also, that the perpetrators of these attacks are almost never brought to justice. Let us hope that this will begin to change now that we have the Rome Statute, which defines intentional attacks against humanitarian and peacekeeping staff as a war crime.

I dwell on that point because I am responsible for the staff and for the ability of the United Nations to carry out its mandate. But unhappily, humanity as a whole has much larger threats to worry about. During the past year, the United Nations has been engaged in many parts of the world, often in difficult and dangerous conditions, in the sensitive diplomacy of peacemaking. I myself went to Iraq to try to achieve full compliance with Security Council resolutions — something which, unhappily, has still not been realized.

Elsewhere, I believe we have had some successes in preventing conflict, though one can never absolutely prove that without our efforts conflict would have happened.

Where we fail, by contrast, the results are all too visible. And the truth is, we are still far from achieving the primary task laid on us by our founders, "to save succeeding generations from the scourge of war".

Two examples have preyed especially on my mind in recent days: the continuing conflict in Afghanistan, with its horrific human rights violations, is now perilously close to drawing in neighbouring States. And in Kosovo the international community seems to be watching impotently while the kind of brutal and indiscriminate abuses we saw in Bosnia are repeated — something we swore must never happen again.

Once again we find ourselves deploying desperate humanitarian efforts to deal with consequences when we should be addressing the political roots of conflict.

I know the Security Council has both these conflicts on its agenda, and I can only hope it will find effective ways of recalling the parties to their obligations under the Charter.

Meanwhile, the spectre of nuclear annihilation continues to haunt us. As is well known, two new countries have chosen this year to conduct their first nuclear tests.

And finally, I must say a word about my own continent of Africa. There too there have been successes, notably the restoration of the democratically elected Government in Sierra Leone. In April, at the request of the Security Council, I submitted a report on the causes of conflict in Africa, which was well received. Some useful follow-up work has also been done.

But not only has conflict continued in many African countries; it has also broken out in several new ones, and in one case between two Member States.

I am especially concerned by the apparent crumbling of the peace process in Angola, a country where the United Nations has made enormous efforts for peace, particularly under the leadership of Maître Alioune Blondin Beye, whose death in June was such a blow to all of us.

And worst of all, I believe, is the new conflict in the Democratic Republic of the Congo, in which the forces of at least five African States are now involved and which adds a new twist to the long-running agony of the Great Lakes. I feel acute concern for the ordinary people of that region, who have suffered so much in recent years, including the scourge of deliberately fomented racial hatred. A special effort by the international community is needed if stability is to be restored there and the suffering brought to an end.

I make no apology for ending on such a bleak note. My intention is not to leave the Assembly in despair. On the contrary, if we in this Hall really make up our minds to pool our resources, to set aside our differences and to work together, there is almost nothing we could not achieve.

In particular, we need to rediscover the connection between peace and economic security — the unifying principle on which this Organization was founded. We need to learn again the lesson of which one of our founders, Franklin D. Roosevelt, spoke, in the year of his death and of this Organization's birth. He said that

> "we cannot live alone, at peace; that our own well-being is dependent on the well-being of other nations, far away. We have learned that we must

> live as men, and not as ostriches, nor as dogs in the manger. We have learned to be citizens of the world, members of the human community." *(Fourth Inaugural Address, 20 January 1945)*

He understood, in other words, that if there is no development, no hope for the poorest, even the richest on this planet will not be safe.

This Assembly is not short of work. I have already detained it too long, and I thank members for their indulgence. Now let us get on with it.

The President (*interpretation from Spanish*): I thank the Secretary-General for his statement.

We have concluded this stage of our consideration of agenda item 10.

Agenda item 9

General debate

The President (*interpretation from Spanish*): Before giving the floor to the first speaker in the general debate, I should like to remind members of the decision taken by the General Assembly at its 3rd plenary meeting, on 15 September, that congratulations should not be expressed inside the General Assembly Hall after a speech has been delivered.

In this connection, may I also remind members of another decision, taken by the Assembly at the same meeting, that speakers in the general debate, after delivering their statements, would leave the Assembly Hall through room GA-200, located behind the podium, before returning to their seats.

I should also like to remind representatives that, in accordance with the decision taken by the General Assembly at its 3rd plenary meeting, the list of speakers will be closed on 23 September 1998 at 6 p.m. May I request delegations to be good enough to provide estimate speaking times that are as accurate as possible? This will facilitate the work of the General Assembly.

I should now like to call to the attention of members paragraph 21 of the annex to resolution 51/241, whereby the General Assembly indicated a voluntary guideline of up to 20 minutes for each statement in the general debate. Within this given time-frame, I should like to appeal to speakers to deliver their statements at a normal speed, so that interpretation of statements may be provided properly.

I now give the floor to the first speaker in the general debate, the Minister for Foreign Relations of Brazil, Mr. Luiz Felipe Lampreia.

Mr. Lampreia (Brazil): Mr. President, your election to preside over the fifty-third session of the United Nations General Assembly is especially gratifying for us Brazilians. Brazil and Uruguay came into being as sister nations, and our bonds are becoming ever stronger. With each passing day, our destinies are more and more linked together. The opportunity I have of working closely with my friend, Didier Opertti, allows me to say with conviction that at this session the Assembly will have a formidable President. In the exercise of this important task, you will benefit from the example set by your predecessor. At the helm of the fifty-second session, Mr. Hennadiy Udovenko was able to guide and motivate delegations and to provide valuable impulse to the proposals for reform put forward by the Secretary-General.

Because of his dedication to the task of modernizing our Organization and, above all, because of his decisive role in situations that pose a real threat to international peace and security, the Secretary-General deserves our applause. The diplomatic talent and serene daring revealed by Mr. Kofi Annan confirm that we have in him a leader who is up to the challenges and opportunities before us. It was an honour for us to have welcomed him in Brazil this past July.

The defining trait of this particular moment is the troubling instability that besets global financial markets. Since the last quarter of 1997, when we first felt the shock waves of what was then called the "Asian crisis", the world economy has been suffering the effects of a phenomenon whose reach, depth and permanence are still not clear. But the international community cannot wait, with arms crossed, for the course of events to shed light on our quandary.

It is both legitimate and necessary that Governments act to try to prevent problems that may arise. In an era marked by the rapid integration of national economies, such action by Governments will increasingly have to be made through coordination in the international sphere.

Although there is still no consensus as to the dimension of the crisis we face, nor on the prognosis for its duration, there seems to be a growing convergence of points of view regarding the impact of the high volatility of capital movements. The events of the past few months have revealed a serious lag between growing financial interdependence and the modest effectiveness of existing international mechanisms for dialogue and coordination.

Since the beginning of his Administration, President Fernando Henrique Cardoso of Brazil has been calling the attention of other world leaders to the task of making the global financial system more stable and predictable. In repeated messages to G-7 members, beginning in 1995, he offered concrete proposals: to increase cooperation among monetary authorities; to expand coordination of macroeconomic policies among countries that can have considerable impact on world finance; to upgrade international monitoring capacity over domestic macroeconomic policy; and to expand mechanisms aimed at stabilizing currencies under speculative attack. There have been, of course, considerable advances along some of these lines, but the measures adopted still fall far short of what is needed. Until now, political will has not corresponded to the magnitude and gravity of the situation. The crisis will not resolve itself. We must join together to face it.

In this, as in other fields of international life, we must avoid at all costs an attitude that, back in the seventies, Brazilian Foreign Minister Azeredo da Silveira described as "the postponement syndrome".

Experience teaches us that inaction can have a high cost. It also teaches that answers given by various countries to crisis situations, if guided by irrational or spur-of-the-moment reactions, can turn these situations into even greater problems, prolonging their effects over time and aggravating people's suffering.

One can imagine extreme scenarios of a return to closed economic models, to the search for elusive self-sufficiency and isolation, to notions of national security based on distrust of others and on the insecurity of others. Such scenarios must not become reality. We cannot allow it.

Progress in international relations depends fundamentally on the perception of the international arena not as a source of potential threat, but as an environment in which risks can be reduced and difficulties overcome by a pooling of wills and resources.

Ours is not a world in which nations should be left to their own devices. The cost of such a course is invariably higher than the energy or resources saved by attempts to distance oneself from the problems of others. The willingness to deal collectively with problems will motivate individual countries to believe in the benefit of seeking international consideration of matters in their direct interest. The world cannot depend only on the willingness, capacity and interest of a select number of countries to mobilize and lead international efforts in this or that direction.

We can no longer accept situations, such as the present financial crisis, in which, despite the undeniably international nature of the phenomenon, Governments and societies simply do not fully trust any of the existing organizations or mechanisms as a source of support, guidance or even interpretation of the problem at hand. We must give serious consideration to the fact that growing interdependence renders indispensable effective governance at the international level.

We have before us an essentially political challenge. This does not mean simply modernizing decision-making procedures or administrative structures, but also giving to multilateral treatment of issues the priority it so often receives in our speeches and statements.

A large gap still remains between the recognition that the central problems facing humanity must be dealt with at the international level and the resistance of Governments and societies to act in accordance with that recognition. This is most evident in the allocation of resources and in the adoption of policies capable of generating external repercussions.

In that same vein, if the link between the national and the international is ever greater, peace and development are also increasingly related. A world racked by economic instability or despair cannot be a safe environment, free of the threat of war, conflict and violence. But the reverse is also true: material and social progress presupposes minimal conditions of security and peaceful coexistence among and within countries. We must advance on both fronts by working to establish a climate of confidence in the political-strategic realm and in the essential context of the global economy.

Brazil's relative weight and the history of our international behaviour are some of our country's most important credentials. These credentials are strengthened today by the maturity of our democracy and by the vigorous modernization of the Brazilian economy.

Under the leadership of President Cardoso, we have renewed our permanent willingness to play a more active role in building a world order conducive to peace and development. This spirit guides Brazil's international action, particularly within the United Nations.

I wish to point out that, in the Security Council and other United Nations bodies, our delegation, led by Ambassador Celso Amorim, has faithfully reflected this central guideline of Brazilian foreign policy.

In 1998, we have completed our participation in the international non-proliferation regime. We have ratified the Comprehensive Nuclear-Test-Ban Treaty (CTBT) and acceded to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which was approved by Brazil's National Congress this past July. Three days ago in Washington, I had the satisfaction of personally depositing the instrument of accession to the NPT, in tandem with our Ambassadors in London and Moscow.

These decisions lend formal and symbolic support to the commitment to use nuclear energy for exclusively peaceful purposes. This commitment is enshrined in the Brazilian Constitution and is strengthened by the bilateral and regional pacts we have signed. The existing agreements and the cooperation between Brazil and Argentina, as well as the Treaty of Tlatelolco, are exemplary achievements in this field.

Brazil thus feels particularly motivated to call upon nuclear-armed States, and upon those with the capability of producing such weapons, to take decisive steps towards disarmament. We also expect that Governments which have still not become party to the NPT, the CTBT and other relevant instruments and mechanisms will do so at an early date.

As an expression of the determination which motivates us to work for this cause, Brazil, together with seven other friendly countries, signed the "Declaration on a Nuclear Weapon Free World: the Need for a New Agenda" on 9 June of this year. During the current session of the General Assembly, together with our partners in the Declaration, we intend to present a draft resolution aimed at boosting and guiding efforts towards the complete and definitive elimination of nuclear weapons.

There is no longer room or justification for postponing action in the nuclear field or in the broader fight to eliminate all weapons of mass destruction. The cost of a failure to do so could be truly catastrophic, and the risks are evident to all.

The Brazilian Government, as the coordinator of the guarantor countries of the Rio de Janeiro Protocol, has been making a sustained effort to assist Ecuador and Peru in reaching at the earliest possible date a solid and final agreement on the border differences that have kept them apart for decades. Our diplomatic services — together with those of Argentina, Chile and the United States — stand ready to continue making the best possible contribution.

Recent developments confirm the prognosis that the peace process is on its way to a conclusion and reflect the political will and the high level of engagement with which Ecuador and Peru have been working towards that end.

The fact that South America is a region in which countries essentially live in a harmonious, peaceful and increasingly integrated manner is for Brazil a vital and defining trait that our peoples are determined to preserve.

The same applies to the permanence of democratic regimes as a common thread of the nations in our continent. It is a higher value to which we are collectively committed in the Southern Cone Common Market (MERCOSUR), the Rio Group and the Organization of American States (OAS).

The advent and consolidation of democracy was the determining factor in the extraordinary work of integration in which South American nations are engaged. This is an accomplishment of our societies that the Governments of the region must always be prepared to defend as one. This is a basic tenet of Brazilian foreign policy.

Brazil attaches the utmost importance to the advancement of human rights. As we celebrate the fiftieth anniversary of the Universal Declaration of Human Rights, we should recognize the persistent gap between principles and generally accepted rules of international law, on the one hand, and the prevalent realities of the world, on the other.

The Brazilian Government is engaged in the fight to overcome the distance between norms and facts in our country. We are prepared to draw from the international environment elements that may help us realize an aspiration shared by all Brazilians. This was the main thrust of President Cardoso's submission to the National Congress of the decision to recognize the mandatory jurisdiction of the Inter-American Court of Human Rights.

President Cardoso is also committed to the fight against the drug trade. His presence at the special session of the General Assembly this past June was clear proof of this commitment.

Our participation in the effort to build a lasting peace extends beyond the Americas. The Brazilian military and police have taken part in United Nations forces in many parts of the world, particularly in Portuguese-speaking countries in Africa, to which we are bound by history and culture.

Brazil has followed developments in Angola with concern. The United Nations must firmly insist that UNITA fulfil the commitments undertaken in the Lusaka Protocol. An unravelling of the situation could jeopardize the progress achieved in the peace process and would be tragic indeed. Angolans have been subjected to untold suffering for decades. The international community must do everything within its reach so that Angola may finally dedicate itself to reconstruction and development.

The Brazilian Government, along with the other members of the Community of Portuguese-Speaking Countries, is engaged in seeking a peaceful solution to the grave internal crisis faced by Guinea-Bissau. The Community, in close coordination with countries in the region, has contributed to spurring significant progress. We will continue to pursue favourable conditions for the urgent and complete normalization of life in that sister nation.

As for East Timor — to which we are also bound by history and a common language — Brazil welcomes the new spirit that presides over this delicate and complex issue, especially in the context of the tripartite negotiations between the Portuguese and Indonesian Governments, under the auspices of the Secretary-General.

The Brazilian Government has maintained a positive dialogue with the parties involved and is determined to assist, to the limit of its possibilities, in finding an adequate equation for all concerned, with progressive participation by the Timorese themselves.

Since the advent of economic stability in 1994, Brazil has shown renewed dynamism with the strengthening of our domestic market and the outlook for development with social justice.

But present-day Brazil does not see its development as isolated or self-contained. We realize that the destiny of our economy is increasingly linked to that of the economies of our neighbours and partners, in the framework of an integration process that has decidedly contributed to progress in the region and to the well-being of our societies, particularly within MERCOSUR.

The fruits of this process serve not only the goal of economic development but also, and most importantly, the cause of social justice, which remains the foremost task of our region.

We welcome the results of the most recent edition of the United Nations *Human Development Report*. The numbers show that, in spite of all that remains to be done, our country has made extraordinary social progress over the past two decades in the areas of health, education, the fight against poverty and the reduction of disparities among the various regions of the country. Even though we still face daunting challenges, Brazilians are leading a better life, as our presence among those nations of greater human development indicates.

Consistent with its domestic policies and its regional role, Brazil will continue to fight for a more balanced allocation of the benefits of economic interdependence, without distortions such as those resulting from protectionist policies of developed countries.

Such policies affect in a particularly cruel manner the developing countries and serve to reinforce the arguments of those who preach domestically a return to closed economic models. In the current context of global economic turbulence, we must demand that the developed countries establish greater coherence between free-trade rhetoric and their unfair trade practices.

President Cardoso has stated that we must abandon the path of globalization with exclusion — in the decision-making process as well as in the distribution of benefits — and seek globalization with solidarity in both of those dimensions.

Reforming and strengthening the United Nations is an essential part of building a world of greater solidarity.

The Brazilian Government recognizes the significant progress that has already been made in terms of structural and functional modernization of the Organization. We agree with the Secretary-General when he says that reform must not be seen as an event, but as a process; but we cannot but stress that an important part of that process has yet to be undertaken.

For Brazil, reforming the United Nations necessarily implies updating the functioning and composition of the Security Council, which still mirrors a period of history that is now long gone. That does not mean — and I have stated this before in this forum — that the particular interests of this or that country should be taken into account. What it does mean is that fundamental deficiencies in terms of legitimacy, representativeness and effectiveness must be redressed. We will continue to defend expansion in both categories of members, with the presence, in both, of developing countries.

It is inconceivable that, on the eve of the new millennium, reform of the Organization could exclude the restructuring of the Security Council.

The basis of global solidarity is the establishment of trust between societies. There is no other way if we are to establish a peaceful, stable and constructive international environment. Our so-called global village is still far from becoming a truly integrated community, in which people can consider themselves as participants in the same historical process.

Of the many merits of international organizations, one of the most important is that they offer a framework of interaction that favours the development of a true sense of universal communion. In dealing with common problems, Governments learn in practice just how much they need to work more and more closely together. In international forums, we are constantly weaving a web of relations based on a stronger identity and trust between our nations and their leaders. Countries must trust one another, but they must also have a reason to trust in the legitimacy and efficiency of multilateral organizations and procedures in order to tackle their most important problems.

The dynamics of international life demand a constant updating of the instruments at the disposal of the community of nations to allow it to act collectively in the face of its greatest challenges.

We must have the courage to recognize that never before have the risks and the cost of procrastination been so high. We must, above all, have the will to make the decisions that can ultimately restore our faith in ourselves, in our capacity to state that history does goes on, and that we are pointing it in the direction of a more just and better world.

Address by Mr. William J. Clinton, President of the United States of America

The President *(interpretation from Spanish)*: The Assembly will now hear an address by the President of the United States of America.

Mr. William J. Clinton, President of the United States of America, was escorted into the General Assembly Hall.

The President *(interpretation from Spanish)*: On behalf of the General Assembly, I have the honour to welcome to the United Nations the President of the United States of America, His Excellency Mr. William J. Clinton, and to invite him to address the Assembly.

President Clinton: Let me begin by thanking the Assembly for its very kind and generous welcome and by noting that, at the opening of this fifty-third session of the General Assembly, the world has much to celebrate. Peace has come to Northern Ireland after 29 long years. Bosnia has just held its freest elections ever. The United Nations is actively mediating crises before they explode into war, all around the world. And today more people determine their own destiny than at any previous moment in history.

We celebrate the fiftieth anniversary of the Universal Declaration of Human Rights with those rights more widely embraced than ever before. On every continent people are leading lives of integrity and self-respect, and a great deal of the credit for that belongs to the United Nations.

Still, as every person in this Hall knows, the promise of our time is attended by perils. Global economic turmoil today threatens to undermine confidence in free markets and democracy. Those of us who benefit particularly from this economy have a special responsibility to do more to minimize the turmoil and extend the benefits of global markets to all citizens. And the United States is determined to do that.

We still are bedevilled by ethnic, racial, religious and tribal hatreds, by the spread of weapons of mass destruction, by the almost frantic efforts of too many States to acquire such weapons.

And, despite all efforts to contain it, terrorism is not fading away with the end of the twentieth century. It is a continuing defiance of article 3 of the Universal Declaration of Human Rights, which says

> "Everyone has the right to life, liberty and security of person."

Here at the United Nations, at international summits around the world and on many occasions in the United States, I have had the opportunity to address this subject in detail, to describe what we have done, what we are doing and what we must yet do to combat terror.

Today I would like to talk to the Assembly about why all nations must put the fight against terrorism at the top of our agenda. Obviously this is a matter of profound concern to us. In the last 15 years our citizens have been targeted over and over again: in Beirut; over Lockerbie; in Saudi Arabia; at home in Oklahoma City by one of our own citizens; even here in New York, in one of our most public buildings; and most recently, on 7 August, in Nairobi and Dar-es-Salaam, where Americans who devoted their lives to building bridges between nations — people very much like all of those present — died in a campaign of hatred against the United States.

Because we are blessed to be a wealthy nation, with a powerful military and a worldwide presence active in promoting peace and security, we are often a target. We love our country for its dedication to political and religious freedom, to economic opportunity, to respect for the rights of the individual. But we know that many people see us as a symbol of a system and values they reject. And often they find it expedient to blame us for problems with deep roots elsewhere.

But we are no threat to any peaceful nation, and we believe the best way to disprove these claims is to continue our work for peace and prosperity around the world. For us to pull back from the world's trouble spots, to turn our backs on those taking risks for peace, to weaken our own opposition to terrorism, would hand the enemies of peace a victory they must never have.

Still, it is a grave misconception to see terrorism as only, or even mostly, an American problem. Indeed, it is a clear and present danger to tolerant and open societies and innocent people everywhere. No one in this room, nor the people represented here, is immune. Certainly not the people of Nairobi and Dar-es-Salaam. For every American killed there, roughly 20 Africans were murdered and 500 more injured — innocent people going about their business on a busy morning.

Not the people of Omagh, in Northern Ireland, where the wounded and killed were Catholics and Protestants alike — mostly children and women, two of them pregnant — people out shopping together when their future was snuffed out by a fringe group clinging to the past.

Not the people of Japan, who were poisoned by sarin gas in the Tokyo subway.

Not the people of Argentina, who died when a car bomb destroyed a Jewish community centre in Buenos Aires.

Not the people of Kashmir and Sri Lanka, killed by ancient animosities that cry out for resolution.

Not the Palestinians and Israelis, who still die year after year, for all their progress towards peace.

Not the people of Algeria, enduring a nightmare of unfathomable terror with still no end in sight.

Not the people of Egypt, who nearly lost a second President to assassination.

Not the people of Turkey, Colombia, Albania, Russia, Iran, Indonesia and countless other nations where innocent people have been victimized by terror.

None of those victims were American. But every one was a son or daughter, a husband or wife, a father or mother — a human life extinguished by someone else's hatred, leaving a circle of people whose lives will never be the same.

Terror has become the world's problem. Some argue, of course, that the problem is overblown, saying that the number of deaths from terrorism is comparatively small, sometimes less than the number of people killed by lightning in a single year. I believe that misses the point in several ways. First, terrorism has a new face in the 1990s. Today, terrorists take advantage of greater openness and the explosion of information and weapons technology. The new technologies of terror and their increasing availability, along with the increasing mobility of terrorists, raise chilling prospects of vulnerability to chemical, biological and other kinds of attacks, bringing each of us into the category of possible victim. This is a threat to all humankind.

Beyond the physical damage of each attack, there is an even greater residue of psychological damage, hard to measure but slow to heal. Every bomb, every bomb threat, has an insidious effect on free and open institutions; the kinds of institutions everyone in this body is working so hard to build. Each time an innocent man or woman or child is killed, it makes the future more hazardous for the rest of us, for each violent act saps the confidence that is so crucial to peace and prosperity.

In every corner of the world, with the active support of United Nations agencies, people are struggling to build better futures based on bonds of trust connecting them with their fellow citizens and with partners and investors from around the world. The glimpse of growing prosperity in Northern Ireland was a crucial factor in the Good Friday Agreement. But that took confidence, confidence that cannot be bought in times of violence. We can measure each attack in the grisly statistics of dead and wounded. But what are the wounds we cannot measure? In the Middle East, in Asia, in South America — how many agreements have been thwarted after bombs blew up? How many businesses will never be created in places crying out for investments of time and money? How many talented young people in countries represented here have turned their backs on public service? The question is not only how many lives have been lost in each attack, but how many futures were lost in their aftermath.

There is no justification for killing innocents. Ideology, religion and politics, even deprivation and righteous grievance, do not justify it. We must seek to understand the roiled waters in which terror occurs. Of course we must. Often in my own experience I have seen that where peace is making progress, terror is a desperate act to turn back the tide of history. The Omagh bombing came as peace was succeeding in Northern Ireland. In the Middle East, whenever we get close to another step towards peace, its enemies respond with terror. We must not let this stall our momentum. The bridging of ancient hatreds is, after all, a leap of faith — a break with the past — and thus a frightening threat to those who cannot let go of their own hatred. Because they fear the future, in these cases terrorists seek to blow the peacemakers back into the past.

We must also acknowledge that there are economic sources of this rage as well. Poverty, inequality and masses of disenfranchised young people are fertile fields for the siren call of the terrorists and their claims of advancing social justice. But deprivation cannot justify destruction; nor can inequity ever atone for murder. The killing of innocents is not a social programme.

Nevertheless, our resolute opposition to terrorism does not mean we can ever be indifferent to the conditions that foster it. The most recent United Nations *Human Development Report* suggests the gulf is widening between the world's haves and have-nots. We must work harder to treat the sources of despair before they turn into the poison of hatred.

Dr. Martin Luther King, Jr., once wrote that the only revolutionary is a man who has nothing to lose. We must show people they have everything to gain by embracing cooperation and renouncing violence. This is not simply an American or a Western responsibility; it is the world's responsibility. Developing nations have an obligation to spread new wealth fairly, to create new opportunities, to build new, open economies. Developed nations have an obligation to help developing nations stay on the path of prosperity and to spur global economic growth. A week ago I outlined ways we can build a stronger international economy to benefit not only all nations, but all citizens within them.

Some believe that terrorism's principal fault line centres on what they see as an inevitable clash of civilizations. This is an issue that deserves a lot of debate in this great Hall. Specifically, many believe there is an inevitable clash between Western civilization and values and Islamic civilization and values. I believe this view is terribly wrong. False prophets may use and abuse any religion to justify whatever political objectives they have — even cold-blooded murder. Some may have the world believe that Almighty God Himself, the merciful, grants a licence to kill; but that is not our understanding of Islam.

A quarter of the world's population is Muslim, from Africa to the Middle East to Asia and to the United States, where Islam is one of our fastest growing faiths. There are over 1,200 mosques and Islamic centres in the United States, and that number is rapidly increasing. The 6 million Americans who worship there will tell you there is no inherent clash between Islam and America. Americans respect and honour Islam.

As I talk to Muslim leaders in my country and around the world, I see again that we share the same hopes and aspirations: to live in peace and security, to provide for our children, to follow the faith of our choosing, to build a better life than our parents knew and to pass on brighter possibilities to our children.

Of course, we are not identical. There are important differences that cross race and culture and religion which demand understanding and deserve respect. But every river has a crossing place. Even as we struggle here in America, like the United Nations, to reconcile all Americans to each other and to find greater unity in our increasing diversity, we will remain on a course of friendship with and respect for the Muslim world. We will continue to look for common values, common interests and common endeavours. I agree very much with the spirit expressed by these words of Mohammed: "Rewards for prayers by people assembled together are twice those for prayers said at home."

When it comes to terrorism, there should be no dividing line between Muslims and Jews, Protestants and Catholics, Serbs and Albanians, developed societies and emerging countries. The only dividing line is between those who practise, support or tolerate terror and those who understand that it is murder, plain and simple.

If terrorism is at the top of the American agenda and should be at the top of the world's agenda, what, then, are the concrete steps we can take together to protect our common destiny? What are our common obligations? At least, I believe, they are these: to give terrorists no support, no sanctuary, no financial assistance; to bring pressure on States that do; to act together to step up extradition and prosecution; to sign the global anti-terror conventions; to strengthen the Biological Weapons Convention and enforce the Chemical Weapons Convention; to promote stronger domestic laws and control the manufacture and export of explosives; to raise international standards for airport security; to combat the conditions that spread violence and despair.

We are working to do our part. Our intelligence and law enforcement communities are tracking terrorist networks in cooperation with other Governments. Some of those we believe responsible for the recent bombing of our embassies have been brought to justice. Early this week I will ask our Congress to provide emergency funding to repair our embassies, to improve security, to expand the worldwide fight against terrorism and to help our friends in Kenya and Tanzania with the wounds they have suffered. But no matter how much each of us does alone, our progress will be limited without our common efforts.

We will also do our part to address the sources of despair and alienation through the Agency for International Development in Africa, in Asia, in Latin America, in Eastern Europe, in Haiti and elsewhere. We will continue our strong support for the United Nations Development Programme, the Office of the United Nations High Commissioner for Human Rights and the Office of United Nations High Commissioner for Refugees, the United Nations Children's Fund, the World Bank and the World Food Programme. We also recognize the critical role these agencies play and the importance of all countries, including the United States, in paying their fair share.

In closing, let me urge all of us to think in new terms on terrorism, to see it not as a clash of cultures, or political action by other means, or a divine calling, but as a clash between the forces of the past and the forces of the future, between those who tear down and those who build up, between hope and fear, between chaos and community.

The fight will not be easy. But every nation will be strengthened in joining it, in working to give real meaning to the words of the Universal Declaration of Human Rights we signed 50 years ago. It is very, very important that we do this together.

Eleanor Roosevelt was one of the authors of the Universal Declaration. She said, in one of her many speeches in support of the United Nations when it was just beginning,

> "All agreements and all peace are built on confidence. You cannot have peace and you cannot get on with other people in the world unless you have confidence in them."

It is not necessary that we solve all the world's problems to have confidence in one another. It is not necessary that we agree on all the world's issues to have confidence in one another. It is not even necessary that we understand every single difference among us to have confidence in one another. But it is necessary that we affirm our belief in the primacy of the Universal Declaration of Human Rights, and therefore that together we say that terror is not a way to tomorrow. It is only a throwback to yesterday, and together, together we can meet it and overcome its threats, its injuries and its fears with confidence.

The President *(interpretation from Spanish)*: On behalf of the General Assembly, I wish to thank the President of the United States of America for the statement he has just made.

> *Mr. William J. Clinton, President of the United States of America, was escorted from the General Assembly Hall.*

Address by Mr. Nelson Rolihlahla Mandela, President of the Republic of South Africa

The President *(interpretation from Spanish)*: The Assembly will now hear an address by the President of the Republic of South Africa.

> *Mr. Nelson Rolihlahla Mandela, President of the Republic of South Africa, was escorted into the General Assembly Hall.*

The President *(interpretation from Spanish)*: On behalf of the General Assembly, I have the honour to welcome to the United Nations the President of the Republic of South Africa, His Excellency Mr. Nelson Rolihlahla Mandela, and to invite him to address the Assembly.

President Mandela: Mr. President, may I take this opportunity, as President of the Republic of South Africa and as Chairperson of the Non-Aligned Movement, to extend to you our sincere congratulations on your election to the high post of President of the General Assembly.

You will be presiding over this august Assembly of the nations of the world at a time when its deliberations and decisions will be of the greatest consequence to the continuous striving of humanity at last to achieve global peace and prosperity.

The Non-Aligned Movement, as well as my own country, which is a proud member of that Movement, invests great trust in this Organization to discharge its responsibilities to all nations, especially at this critical period of its existence.

Quite appropriately, this fifty-third session of the General Assembly will be remembered through the ages as the moment at which we marked and celebrated the fiftieth anniversary of the adoption of the Universal Declaration of Human Rights. Born in the aftermath of the defeat of the Nazi and fascist crime against humanity, this Declaration held high the hope that all our societies would, in future, be built on the foundations of the glorious vision spelt out in each of its clauses.

For those who had to fight for their emancipation, those such as ourselves, who, with United Nations help, had to free ourselves from the criminal apartheid system, the Universal Declaration of Human Rights served as the vindication of the justice of our cause.

At the same time, it constituted a challenge to us that our freedom, once achieved, should be dedicated to the implementation of the perspectives contained in the Declaration.

Today we celebrate the fact that this historic document has survived a turbulent five decades, which have seen some of the most extraordinary developments in the evolution of human society.

These include the collapse of the colonial system, the passing of a bipolar world, breathtaking advances in science and technology and the achievement of the complex process of globalization.

And yet, at the end of it all, the human beings who are the subject of the Universal Declaration of Human Rights continue to be afflicted by wars and violent conflicts.

They have, as yet, not attained their freedom from fear of death that would be brought about by the use of weapons of mass destruction as well as conventional arms.

Many are still unable to exercise the fundamental and inalienable democratic rights that would enable them to participate in the determination of the destiny of their countries, nations, families and children and to protect themselves from tyranny and dictatorship.

The very right to be human is denied every day to hundreds of millions of people as a result of poverty and the unavailability of basic necessities, such as food, jobs, water and shelter, education, health care and a healthy environment.

The failure to achieve the vision contained in the Universal Declaration of Human Rights finds dramatic expression in the contrast between wealth and poverty which characterizes the divide between the countries of the North and the countries of the South and within individual countries in all hemispheres.

It is made especially poignant and challenging by the fact that this coexistence of wealth and poverty, the perpetuation of the practice of the resolution of inter-State and intra-State conflicts by war and the denial of the democratic right of many across the world, all result from acts of commission and omission, particularly by those who occupy positions of leadership in politics, in the economy, and in other spheres of human activity.

What I am trying to say is that all these social ills, which constitute an offence against the Universal Declaration of Human Rights, are not a preordained result of the forces of nature or the product of a curse of the deities.

They are the consequence of decisions which men and women take or refuse to take, men and women all of whom will not hesitate to pledge their devoted support for the vision conveyed in the Universal Declaration of Human Rights.

This Declaration was proclaimed as universal precisely because the founders of this Organization and the nations of the world that joined hands to fight the scourge of fascism, including many that still had to achieve their own emancipation, understood clearly that our human world was an interdependent whole. Necessarily, the values of happiness, justice, human dignity, peace and prosperity have a universal application, because each people and every individual is entitled to them. Similarly, no people can truly say it is blessed with happiness, peace and prosperity where others, as human as themselves, continue to be afflicted with misery, conflict, terrorism and deprivation.

Thus can we say that the challenge posed by the next 50 years of the Universal Declaration of Human Rights, and by the next century whose character it must help to fashion, consists in whether humanity, and especially those who will occupy positions of leadership, will have the courage to ensure that at last we build a human world consistent with the provisions of that historic Declaration and other human rights instruments that have been adopted since 1948.

Immediately, a whole range of areas of conflict confronts us, in Africa, Europe and Asia. All of us are familiar with these, which range from the Democratic Republic of the Congo, Angola and Sudan on my own continent, to the Balkans in Europe and Afghanistan, Tajikistan and Sri Lanka in Asia.

Clearly, this Organization, and especially the Security Council, acting together with people of goodwill in the countries and areas concerned, has a responsibility to act decisively to contribute to the termination of these destructive conflicts. Continuously, we have to fight to defeat the primitive tendency towards the glorification of arms, the adulation of force, born of the illusion that justice can be guaranteed by the capacity to kill, or that disputes are necessarily best resolved by resort to violent means.

As Africans, we are grateful to the Secretary-General for the contribution he has made to help us find the way towards ending violent strife on our continent. We have taken heed of his report, which will reinforce our efforts to banish war from our shores. I have not yet read the report from page to page, but I will try to do so.

The very first resolution of the General Assembly, adopted in January 1946, sought to address the challenge of

> "the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction". *(resolution 1 (I), para. 5 (c))*

We must face the fact that after countless initiatives and resolutions, we still do not have concrete and generally accepted proposals supported by a clear commitment by the nuclear-weapon States to the speedy, final and total elimination of nuclear weapons and nuclear-weapon capabilities.

We take this opportunity to salute our sister Republic of Brazil for its decision to accede to the Treaty on the Non-Proliferation of Nuclear Weapons and to urge all others that have not yet done so to follow this excellent example.

In an honest attempt to contribute to the definition of the systematic and progressive steps required to eliminate these weapons and the threat of annihilation which they pose, South Africa, together with Brazil, Egypt, Ireland, Mexico, New Zealand, Slovenia and Sweden, will be submitting a draft resolution to the First Committee for consideration by the Assembly. It is appropriately titled "Towards a nuclear-weapon-free world: the need for a new agenda".

I call with all humility on all Members of the United Nations seriously to consider this important draft resolution and to give it their support. We must ask the question, which might sound naive to those who have elaborated sophisticated arguments to justify their refusal to eliminate these terrible and terrifying weapons of mass destruction — why do they need them, anyway?

In reality, no rational answer can be advanced to explain in a satisfactory manner what, in the end, is the consequence of cold-war inertia and an attachment to the use of the threat of brute force to assert the primacy of some States over others.

Urgent steps are also required to arrive at a just and permanent peace in the Middle East on the basis of the realization of the legitimate aspirations of the people of Palestine and respect for the independence and security of all the States of this important region. We also look forward to the resolution of the outstanding issues of Western Sahara and East Timor, convinced that it is possible to take these matters off the world agenda on the basis of settlements that meet the interests of all the peoples concerned.

Similarly, we would like to salute the bold steps taken by the Government of the Federal Republic of Nigeria, this supremely important country of Africa, to enable it to return to democratic rule and a system of governance directed at serving the interests of all its people.

Together we are also faced with the scourges of drug abuse and the illicit traffic in narcotics, organized transnational crime and international terrorism. We strongly support the measures adopted or being discussed by the United Nations to deal with these challenges and commit our country and Government to cooperate fully in all regional and international initiatives to ensure that the peoples of the world, including our own, are spared the destructive impact of these crimes.

The world is gripped by an economic crisis, which, as President Clinton said in this city only a week ago, has plunged millions into sudden poverty and disrupted and disoriented the lives of ordinary people, and brought deep personal disappointment to tens of millions of people around the world.

President Clinton also said:

> "Recent press reports have described an entire generation working its way into the middle class for over 25 years, then being plummeted into poverty within a matter of months. The stories are heartbreaking — doctors and nurses forced to live in the lobby of a closed hospital; middle-class families who owned their own homes, sent their children to college, travelled abroad, now living by selling their possessions."

President Clinton said that "fast-moving currents" in the world economy

> "have brought or aggravated problems in Russia and Asia. They threaten emerging economies from Latin America to South Africa",

and he spoke of sacrificing lives in the name of economic theory.

He further recognized that with a quarter of the world's population in declining growth, the United States, in Federal Reserve Board Chairman Alan Greenspan's words,

> "'cannot forever be an oasis of prosperity.' Growth at home depends upon growth abroad".

I have quoted the President of the United States at such length both because he is correct and because he is the leader of the most powerful country in the world. Accordingly, we would like to believe that with the problem facing all humanity, and especially the poor, having thus been recognized, courage will not desert the powerful when it comes to determining the correct course to be taken, and following this course, addressing the challenge that has been identified.

The tragedy President Clinton describes goes far beyond the sudden impoverishment of the middle class to which he correctly refers. Poverty has been and is the condition of the daily existence of even larger numbers of ordinary working people. Paradoxically, the challenge of poverty around the globe has been brought into sharp focus by the destructive fast movements of currents of wealth from one part of the world to another.

Put starkly, we have a situation in which the further accumulation of wealth, rather than contributing to the improvement of the quality of life of all humanity, is generating poverty at a frighteningly accelerated pace.

The imperative to act on this urgent, life-and-death matter can no longer be ignored. The central challenge to ensure that the countries of the South gain access to the productive resources that have accumulated within the world economy should not be avoided by seeking to apportion as much blame as possible to the poor.

Clearly, all relevant matters will have to be addressed, including such issues as greater inflows of long-term capital; terms of trade; debt cancellation; technology transfers; human resource development; the emancipation of women and the development of the young; the elimination of poverty; the HIV/AIDS epidemic; environmental protection; and the strengthening of financial and other institutions relevant to sustained economic growth and development.

Fortunately, it is no longer in dispute that serious work will also have to be done to restructure the multilateral financial and economic institutions so that they address the problems of the modern world economy and become responsive to the urgent needs of the poor of the world.

Similarly, this very Organization, including its important Security Council, must itself go through its own process of reformation so that it serves the interests of the peoples of the world, in keeping with the purposes for which it was established.

The issues we have mentioned were discussed in a comprehensive manner at the Twelfth Summit Conference of the Non-Aligned Movement held in the city of Durban, South Africa, earlier this month.

I am privileged to commend the decisions of that important meeting to the General Assembly and the United Nations as a whole, including the Durban Declaration, which the Summit adopted unanimously. I am certain that the decisions adopted by the Non-Aligned Movement will greatly assist this Organization in its work and further enhance the contribution of the countries of the South to the solution of the problems that face the nations of the world, both rich and poor.

This is probably the last time I will have the honour to stand at this rostrum to address the General Assembly. Born as the First World War came to a close, and departing from public life as the world marks half a century of the Universal Declaration of Human Rights, I have reached that part of the long walk when the opportunity is granted, as it should be to all men and women, to retire to some rest and tranquillity in the village of my birth.

As I sit in Qunu, my village, and grow as ancient as its hills, I will continue to entertain the hope that there has emerged a cadre of leaders in my own country and region, on my continent and in the world, which will not allow that any should be denied their freedom, as we were; that any should be turned into refugees, as we were; that any should be condemned to go hungry, as we were; that any should be stripped of their human dignity, as we were.

I will continue to hope that Africa's renaissance will strike deep roots and blossom forever, without regard to the changing seasons. Were all these hopes to translate into a realizable dream and not a nightmare to torment the soul of the aged, then will I, indeed, have peace and tranquillity. Then would history and the billions throughout the world proclaim that it was right that we dreamt and that we toiled to give life to a workable dream.

The President (*interpretation from Spanish*): On behalf of the General Assembly, I wish to thank the President of the Republic of South Africa for the statement he has just made.

Mr. Nelson Rolihlahla Mandela, President of the Republic of South Africa, was escorted from the General Assembly Hall.

Address by Mr. Blaise Compaoré, President of Burkina Faso

The President (*interpretation from Spanish*): The Assembly will now hear an address by the President of Burkina Faso.

Mr. Blaise Compaoré, President of Burkina Faso, was escorted into the General Assembly Hall.

The President: (*interpretation from Spanish*): On behalf of the General Assembly, I have the honour to welcome to the United Nations His Excellency Mr. Blaise Compaoré, President of Burkina Faso, and to invite him to address the Assembly.

President Compaoré (*interpretation from French*): It is not without some emotion that I appear before this Assembly both as Head of State of Burkina Faso and current Chairman of the Organization of African Unity (OAU), to extol, here in this sanctuary of nations, peace and harmony between human beings.

To promote peace and security for our era and for future generations is the objective of the nations of the world gathered here. It is also the message which I bring on behalf of Africa, being convinced that, armed with this immense hope, the Organization for African Unity and the United Nations, intimately linked, can make a reality of humanity's legitimate aspiration to a better destiny.

But first, I should like to congratulate you, Sir, as well as the other members of the Bureau, upon your election and the confidence placed in you to bring the work of this fifty-third session to a successful conclusion. I also congratulate your predecessor, Mr. Udovenko, on the energy with which he discharged his duties. Mr. Secretary-General, I would like to address my congratulations to you and your staff on the work you have done in so little time and offer my encouragement for the battles still to be won. It is entirely to the credit of the whole United Nations system that it carries the torch of peace higher every day.

The century which is drawing to its close will be remembered as one of great challenges. Seriously shaken by the two world conflicts, it also mustered the necessary resources to sound the death knell of colonialism and apartheid.

The liberation of colonized peoples and territories was historically necessary to ensure greater justice, tranquillity and well-being for our civilization, a civilization which finally understood that its survival lay in the organization of a genuine collective security. But the cold war, which led to bipolar confrontation exacerbated by ideological antagonism, made this security illusory. International peace and security have not been consolidated with the end of the cold war. Conflicts and disturbances which no authority could contain quickly followed. The resurgence of these crises and the inadequacy of the solutions proposed to resolve them bring to mind the plight of the Danaïdes, those mythological beings who were condemned to fill up a bottomless barrel.

The international community's failure to restore peace to Somalia and to prevent genocide in Rwanda will stand out in the history of the African continent. This failure has undoubtedly greatly contributed to awakening our somewhat lethargic consciences and forcing us to confront ourselves. It has revealed to Africa, which may still have had its doubts, the limitations of the United Nations.

The twentieth century thus ends with this acknowledgement, which, though shocking for more than one reason to those still lulled by the illusions of an age-old humanism, is at least realistic and belongs to the new era that is beginning. It is an acknowledgment that the United Nations, to which Africa has given so much, cannot do everything for the continent in its struggle to quell the numerous hotbeds of tension and ensure its development. The conclusion to be drawn from this fact is self-evident: Africa must recognize this reality and come to terms with it.

The thirty-fourth Assembly of Heads of State and Government of the Organization of African Unity, held in Ouagadougou on 8-10 June 1998, devoted the thrust of its deliberations to this new reality, which challenges and commands Africa to take control of its own destiny.

Assessing the scope and importance of the responsibilities this entails, and which are theirs to assume, the heads of States took the decision to affirm their common will to focus fully — more than in the past — on the prevention, management and resolution of African conflicts. This commitment will certainly ensure greater visibility both for the Organization of African Unity and for the continent's various regional organizations in their search for peaceful solutions to these conflicts.

Though Africa's experience in taking control of its own affairs is still quite recent, encouraging results have been recorded in the management and resolution of certain conflicts, results which deserve to be saluted here. The task, therefore, is not beyond the capacity of Africans.

It is my ardent wish that this experience be extended to the whole continent, to the most ancient crises as well as the most recent. From north to south, from east to west, Africa must henceforth more systematically involve itself in the management and settlement of conflicts wherever prevention was not enough, where it did not succeed in guaranteeing peace.

To this end, initiatives to strengthen the continent's capacity to respond quickly to crises have been generated by Africans themselves. The advantage they have over all other initiatives is that they are African. In order to be developed and implemented, they need the unequivocal support of the international community. Subregion by subregion, they need to be developed, without exception and in harmony.

Preventing, managing and resolving the conflicts in Africa, whose number and complexity are increasingly disturbing, requires solid and reliable mechanisms, appropriate to local conditions, mechanisms dedicated to the cause of peace, without which Africa cannot undertake sustainable development.

Clearly, the world's problems are immense, complex and alarming. The extreme difficulty of dealing with the establishment of peace in isolation gives multilateral diplomacy an ever-growing role in the resolution of conflicts.

The United Nations and regional organizations such as the Organization of African Unity can bring a great deal to this task. The OAU, for example, possesses a Mechanism for Conflict Prevention, Management and Resolution. Created in Cairo in 1993, this Mechanism, whose effectiveness and practicality we are working to ensure, should to be the crucible in which a genuine preventive diplomacy can be forged.

That is all the more imperative since the consequences of conflicts, whether internal or international, are always devastating.

At the institutional level, therefore, we are equipped to respond to conflicts, and we also have the will to do so, for, as I emphasized during the thirty-fourth OAU summit,

> "the issue of security and peace in Africa is primarily of concern to Africans. No mechanism has any chance of succeeding effectively over time if it is imposed from outside."

Mr. Balestra (San Marino), Vice-President, took the Chair.

Of course, external solidarity, if it is sincere, will always be welcome, given that in such a complex and changing field concerted and resolute action can only be beneficial. I have already emphasized that the management of conflict situations often requires the deployment of a level of human, material and financial resources beyond the capacities of our countries. Thus, international organizations should continue to show solidarity and partnership with Africa.

I therefore call upon the United Nations, with its wealth of experience, to contribute not only to strengthening structurally the Mechanism for Conflict Prevention, Management and Resolution in Africa, but also to provide technical and logistical support, since in the end we share the same ideal: assuring for our world the security and peace essential to its development and flourishing.

In this test of international solidarity, one thing is certain: Africa must definitively and first of all rely upon itself. We Africans are aware that in order to be masters of our destiny we must forge it ourselves. In response to this imperative no sacrifice has been spared by any State of our continent to establish an internal climate that is conducive to growth and sustainable development. After the years of uncertainty and stagnation, Africa has entered a new era, marked by clear economic recovery in the wake of bold reforms and characterized by greater austerity and rationality in the management of public and State affairs. This movement towards transparency in management and good governance has been accompanied by the establishment of homogeneous subregions in which the common destiny of Africans is daily forged, thanks to the sustained harmony of our principles and policies of integration, the ultimate objective of which is the establishment of an African economic community in the first half of the twenty-first century.

At present Africa faces two challenges: peace and political stability on the one hand, and sustainable development on the other. In their struggle and daily efforts to emerge from underdevelopment, African Governments and peoples are not alone. They know how to rely on the sincere support of their friends. This includes the operational development system of the United Nations, which I should like to commend for its dedication to the uplifting struggle against poverty and other forms of deprivation that afflict African peoples.

It is therefore regrettable that the United Nations agencies that are at the heart of the struggle for human security in Africa — such as the United Nations Development Programme and the United Nations Children's Fund, to cite only two examples — are seeing their financial resources slowly dwindle while the mission entrusted to them calls for a redoubling of efforts and resources. That is why I call upon all to demonstrate their goodwill by contributing to the operational development system of the United Nations the resources it needs in order to assist Africa in confronting the challenges of peace and development.

The same goes for the question of debt. It would be desirable for the eligible countries to have their debt rescheduled at the same time as they are initiating reforms. It hardly needs recalling that debt is an unbearable burden for our still fragile economies.

Globalization offers us the means and advantages required to succeed in the boldest undertakings, provided that we clearly define our objectives and involve our peoples in the challenge of propelling Africa along the path of progress. It is incontrovertible that globalization, which implies a spirit of partnership, limits the independence and initiatives of States. But can humanity continue to flourish if the gap between rich and poor nations, between the affluent and the destitute within the same nation, grows inexorably?

The time has therefore come to rethink seriously the responsibility of international institutions in the regulation of the globalized economy in order to ensure a balance between economic growth and social prosperity. To do that, it is more than indispensable and more than timely to engage in a restructuring of the United Nations, and especially of the Security Council, in order to make it a true instrument for the application of the principles of justice, equity and democracy.

Africa accounts for one third of the Members of the United Nations. That is why it is unacceptable that, after more than 50 years of our Organization's existence, an entire continent — Africa — should be absent from the permanent membership of the Security Council, which, paradoxically, debates problems that are for the most part African.

The President returned to the Chair.

If the United Nations were to apply the principle of equity, would the sanctions against the Libyan Arab Jamahiriya continue despite the opinion of the International Court of Justice and, above all, despite the decisions and resolutions of heads of State in the Organization of African Unity, the League of Arab States, the Organization of the Islamic Conference and the Non-Aligned Movement calling for those sanctions to be lifted? Today Security Council resolution 1192 (1998) has underscored the primacy of law for resolving this dispute, and the majority of nations within our world Organization hope that conditions of transparency will be met so that the trial can be concluded, in the interest of the victims and the Libyan people.

Moreover, Africa hopes that the Security Council will dispatch a mission of inquiry to the Sudan in the wake of the bombing of the pharmaceutical factory in Khartoum.

Africa forcefully condemns terrorism in all its forms and manifestations and calls upon our world Organization to create the necessary conditions for a frank debate of this issue and for strong and concerted action against this phenomenon, while keeping in mind that unresolved angers and frustrations born of economic or historical conditions restrict our capability to act.

In the same vein, can the United Nations continue to deny the legal and international reality of a State such as the Republic of China on Taiwan, whose 22 million women and men are excluded from making any contribution to the activities of our Organization?

I am among those who believe that Africa is on the path of hope. I remain convinced that the economic, political, cultural and social obstacles that confront Africa call forcefully for its children to rediscover the road to unity that will allow them to take effective control of their destiny. Without union, Africa will remain on the periphery of history. Common sense tells us that we Africans must once and for all rid ourselves of that image of the outstretched hand that bedevils us and build the covenants of friendship, dignity and pride that will confer so much solidarity and generosity. This quest for independence does not deny the importance of solidarity among peoples. It means reaching a new understanding of human rights and the rights of peoples; it means taking on the responsibility of knowing how to remain ourselves.

The President *(interpretation from Spanish)*: On behalf of the General Assembly, I wish to thank the President of Burkina Faso for the statement he has just made.

> *Mr. Blaise Compaoré, President of Burkina Faso, was escorted from the General Assembly Hall.*

Address by Mr. Julio María Sanguinetti, President of the Eastern Republic of Uruguay

The President *(interpretation from Spanish)*: The Assembly will now hear an address by the President of the Eastern Republic of Uruguay.

> *Mr. Julio María Sanguinetti, President of the Eastern Republic of Uruguay, was escorted into the General Assembly Hall.*

The President *(interpretation from Spanish)*: On behalf of the General Assembly, I have the special honour to welcome to the United Nations the President of the Eastern Republic of Uruguay, His Excellency

Mr. Julio María Sanguinetti, and to invite him to address the Assembly.

President Sanguinetti (*interpretation from Spanish*): Uruguay comes to the Assembly today with happiness, pride and even excitement at seeing you, Sir, a countryman of ours, representing Uruguay, as President of the Assembly. Uruguay was a founding Member of the United Nations and has been one of the its most active participants ever since, in all its endeavours. It has even contributed its best soldiers, who put their lives on the line every day in the difficult peacekeeping operations of the United Nations.

Our country came to this Organization at the time of its founding with the hopes and dreams of a world that was being rebuilt in order to usher in a time of peace, prosperity and stability. It certainly did not come here with any dreams of power, which could have had no place in our country given its small land area and relatively small economy. But we did harbour the dream that has inspired all our great statesmen — that of being a small, model country which in the past century made secular education universal, free and compulsory and built a State of well-being with a solid middle class as the foundation of its political democracy. Thus did our country feel that it was a fundamental part of the democratic development of nations.

Unfortunately, we were not exempt from the upheavals and consequences of the cold war. As the Assembly knows, the cold war was bloody and fierce in Latin America. The hemispheres were locked in a state of conflict over positions: here guerrilla wars and there *coups d'état*, both manifestations themselves as part of a hellish dialectic in which democracies were wounded and sometimes fell.

The last few years have shown Uruguay to be a country which is making strides in its economy and prosperity and which, as the recently published United Nations Human Development Index states, is once again making progress. It ranks third among developing countries, and we can say that we have attained the best improvement in the hemisphere with regard to poverty indicators.

However, we come to this session not only with the concerns about its institutions and peace which always permeate the spirit of the Assembly; we come here also having seen the spectre of a crisis which began as an Asian financial crisis and which today is a global economic crisis that touches all of us. This undoubtedly deserves particular concern. When we see stock markets carried away by a microclimate of psychosis, and when we see so many irrational phenomena spread, we feel like Anatole France, who saw life as a struggle among various forces, of which we are not always able to know which is the strongest. At times it seems that science and intelligence predominate. At other times it seems that lunacy and fear prevail. This is also part of this phenomenon that started as a financial crisis and then became a very peculiar psychological phenomenon. The point is that, both as Latin Americans and as a member State of the international community, we must once again face this situation.

Shakespeare, who is often quoted in connection with major tragedies, said that fate dealt the cards but we were the players. That is our challenge today: how to play our cards in this crisis which could even affect not just finances and economies but also the democratic stability of our countries, our social peace and the fundamental values which inspire us.

In the 1980s Latin America went through very difficult economic years. This is referred to — mistakenly in my judgement — as the lost decade, for those were also the years in which we consolidated the strongest process of democratization in our continent, which today allows it to have more democracies and freedoms than ever before. Countries which had never before known democracy are now building republics and institutions and developing their societies.

The fact is that after that crisis our countries made enormous efforts at transformation. They lowered their rates of inflation, opened up their economies and began strong processes of integration — in the Andean area, in Mexico to the north and with us in the south, Argentina, Brazil and Uruguay, and now with Bolivia and Chile as associate partners, to the south. All of this meant that we had a Latin America which was growing again and which would once again be a place for investments; a Latin America which was able to harmonize the return of democracy and peace with economic growth.

We now find ourselves faced with the new crisis. What should we do? In our view, the first thing to do is to consolidate and support the Organization and the international community. We should do that here, in this institution, which is a hymn to internationalism, as well as in the economic area. The International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank — which is the main source of financing for our hemisphere — are the tools we rely on today. We must strengthen them.

Indeed, this crisis will leave behind consequences once it is over. Somehow the debate that took place between Lord Keynes and Harry White, at the time of the establishment of the International Monetary Fund at Bretton Woods, hangs over the world today. The British economist held the view that it was necessary to have a central bank of central banks. I shall not bring in that debate here today, but I think that it will nevertheless have to take place once the crucial moments of this crisis are over, because of the need for prevention and for a market economy which actually works.

We must all feel and know that the origins of this crisis have been identified. First, there has been excessive speculation, which has been clearly reflected in stock markets. It also stems from macroeconomic imbalances in many States, which have not been able to correct those imbalances, mainly their fiscal gaps, that have been fundamental causes of this situation.

Fortunately, the North American economy and the European economy still appear to be solid. Japan is the country of which we are all hoping for a recovery so that the measures under way today will allow us to view much more calmly the future of this situation, which could very well continue for a long time. As the Brazilian Foreign Minister said today, the magnitude and the duration of this crisis are unpredictable, but what should not be unpredictable is the behaviour of States.

Therefore, it is essential that we act to bring to an end those financial imbalances and avoid the mistakes and temptations related to such crises. First, we should not believe that by isolating ourselves in neo-protectionism we will find a way out of the crisis.

In Latin America in the 1980s we had an external debt crisis. There were those who advocated not repaying the debt and returning in some way to more protected economies. There were those of us, on the other hand, who thought that the debt should be refinanced and that we should join the international community more actively and in that way grow again. Only by growing our economies could the external debt be made manageable in the future. The former, unfortunately, were not lucky and the latter, fortunately, were. In that way, we were able to refinance the external debt and return to investment, and growth enabled us to pay off the debt effectively and thus achieve better living conditions for our peoples.

Turmoil and speculation are not what are most needed for the prosperity of needy peoples. To the contrary, profit-making opportunities for speculators come at the expense of the majority.

That is the path that we see clearly defined today for this situation, and we must all redouble our efforts in that direction. We will also have to strengthen anew the international financial community so that there can exist a real international safety net that will allow us to work in peace.

Of course, the leading economic countries have a great responsibility. President Clinton said last week that this was the most important economic and financial crisis of the second half of the century, and no doubt it is. That is all the more reason for the major economies to assume their responsibilities and for smaller economies, such as ours, which basically seeks more and more equitable living conditions, to try not to bring bad news to the world, even while lacking the capacity and opportunity to be those who can offer the world good news.

We should thus protect ourselves from a dangerous neo-protectionism and continue to fight for increasingly open and transparent markets, from which the persistent subsidies in the large States disappear — subsidies in the United States and the European Community, agricultural subsidies which undoubtedly are a troublesome factor in international economic activities and must be left behind. If the crisis teaches us anything, it is that we must find balance, and balance will not be found on the basis of subsidies which continue to promote opportunity for artificial economic sectors.

We must also protect ourselves from messianic demagoguery, which is the political dimension of this crisis. For that reason, warding off and resolving the crisis through international cooperation and concrete measures are also very important in a democratic context. When such instabilities occur, messianic demagogues appear, all those pyrotechnists of prosperity who have always led peoples to misfortune and to whom we should not offer, through instability, another opportunity.

This is therefore a financial and economic crisis, and ultimately a crisis in political democracy. It is the fundamental chapter through which we must continue to work here.

Our world is living in disconcerting times. In 1989, it seemed, with the market economy triumphant over the socialist economy and liberal democracy triumphant over the Communist world, that we were entering an era of peace and stability in which the old Hegelian dialectics would yield to a world of synthesis — what was termed the end of history, what others called the *pensée unique*. Undoubtedly, that was an oversimplification.

Today it would also be an oversimplification to believe that we have once again entered the crisis of capitalism. In my long political career, I have been invited many times to the funeral of capitalism. Times have definitely shown that the market economy, with its dynamics and its spirit of initiative, once again recovered, and this will happen again now because no one is pointing to a better alternative.

Therefore, we must not fall into another oversimplification. At one point we believed that the simple freeing of markets would bring about the miraculous result of achieving growth and equity; we cannot now return to the past and believe that through closed economies, through stronger protectionist measures or even through authoritarianism we will be able to resolve a situation that, now more than ever, must be addressed with the guidance of democratic principles.

No one has a clear road map. Thus, there is all the more reason to reaffirm the basic principles, the first one being political democracy, which calls on us, as President Clinton said earlier, to fight against terrorism, which through violence attacks democracy, in all its forms, from the outside; and to fight against the enemies which democracy generates from within. At times we have suffered from excessive political passion, which sometimes leads to divisions within countries, intolerance, racial hatred, abuse of economic power and abuse of the media; all of these factors are part of a democracy, but when used without ethical limits they may weaken it.

We also have a right to ask the citizen to participate. It is not through an alienated or indifferent citizenry that democracy will be strengthened. Democracy will be closely related to an efficient State, for only an efficient State can stand united if the objective is to improve the lives of our people, only a State which is not a mechanism for waste, but rather a strong instrument to promote the forces of society; to a market economy and increasingly open trade based on standards that protect us from unfair competition; and to a process of integration such as those being carried out in the Latin American countries to enable us to join the world with suitable economies to improve our production.

We must also think of the basic values of our societies, such as the family, which is the historic nucleus of our civilization. The weakening of the family has come at a high price. Today, the drug trade reflects the spiritual scourge of societies which, in their economic development, have lost sight of spiritual values. Such societies have weakened the family in a world where images, emptiness and passing trends have caused a vacuum that in turn causes the phenomenon of the search for artificial paradises that aim to replace a meaningful life. We must enhance spiritual factors to give democracies genuine content.

We must, of course, be pragmatical in economic matters, but pragmatism alone will not keep alive the hopes of peoples. We must strengthen family values, human dignity and the universality of human rights, as our friend President Mandela has said. We must all respect ethnic individuality; in the final analysis we are all the same. We must all fight against racial discrimination; we must all respect and be very mindful of cultural diversity. But no ethnic or cultural diversity can sanction the enslavement of women or the killing of men: we are speaking here of universal values that are essential to the Universal Declaration of Human Rights and that we must not only proclaim but must also practice.

As Toynbee said, "Civilization is a movement and not a condition, a voyage and not a harbour" (*Readers Digest*, October 1958). We must therefore clearly identify the stars that will guide us on that voyage. It is in those stars that Uruguay believes.

The President (*interpretation from Spanish*): On behalf of the General Assembly, I wish to thank the President of the Eastern Republic of Uruguay for the statement he has just made.

Mr. Julio María Sanguinetti, President of the Eastern Republic of Uruguay, was escorted from the General Assembly Hall.

Address by Mrs. Chandrika Bandaranaike Kumaratunga, President of the Democratic Socialist Republic of Sri Lanka

The President (*interpretation from Spanish*): The Assembly will now hear an address by the President of the Democratic Socialist Republic of Sri Lanka.

Mrs. Chandrika Bandaranaike Kumaratunga, President of the Democratic Socialist Republic of Sri Lanka, was escorted into the General Assembly Hall.

The President (*interpretation from Spanish*): On behalf of the General Assembly, I have the honour to welcome to the United Nations Her Excellency Mrs. Chandrika Bandaranaike Kumaratunga, President of the Democratic Socialist Republic of Sri Lanka, and to invite her to address the Assembly.

President Kumaratunga: At the outset, Mr. President, let me extend to you Sri Lanka's warmest congratulations on your well-deserved election. We wish you well and have no doubt that you will guide the work of this session with wisdom, skill and commitment.

The Assembly owes a debt of gratitude to His Excellency Mr. Hennadiy Y. Udovenko for his wise and astute leadership as President of the General Assembly at its fifty-second session.

This year Sri Lanka celebrates the golden jubilee of its independence. We reclaimed our freedom in 1948, ending nearly five centuries of colonial domination. We have given shelter within our land to all the great religions of the world. Buddhism, Hinduism, Islam and Christianity. We are a multiethnic and multicultural society. We are deeply committed to the democratic way of life. Our people have exercised universal adult franchise since 1931. We have a parliamentary system of government, with elections held regularly, where voter participation is uniquely high — as much as 80 per cent on average. We have an independent judiciary and free media. The rule of law is observed and respected. Fundamental rights are guaranteed and rendered justiciable. We are constantly alert to the protection of human rights, even in the face of grave provocation from some lawless elements that are bent on destroying our democratic society.

Shortly after the achievement of its independence, Sri Lanka became a member of the United Nations. In the preamble to the Charter, the founding fathers expressed their determination to save succeeding generations from the scourge of war. They reaffirmed their faith in fundamental human rights. They pledged to establish an environment in which international law and treaty obligations would be observed, and to promote the economic and social progress of all peoples. The United Nations has succeeded in keeping its basic promise of saving the world from the holocaust of a global conflict.

But more than 50 years after the Charter was written, we cannot conclude that the world today is a safer place than it was when the United Nations was founded. Global nuclear disarmament remains a distant dream. Nuclear weapons and weapons of mass destruction have proliferated with no concern for the safety of humankind despite the Treaty on the Non-Proliferation of Nuclear Weapons and the Comprehensive Nuclear-Test-Ban Treaty. Members of the nuclear club that possess these weapons show no inclination to dismantle them even though the cold war has ended and conflicts between States have lessened. The United Nations has the responsibility to redouble its efforts to achieve global disarmament. That is a duty we owe to mankind, to unborn generations. We do not accept the thesis that these weapons are safe in the hands of some.

The Movement of Non-Aligned Countries has been demanding for a long time that the Conference on Disarmament should establish, as its highest priority, a committee to commence negotiations on a programme for the complete elimination of nuclear weapons within a time bound framework.

In 1976 my mother, Mrs. Sirimavo R. D. Bandaranaike, addressing the Assembly as Prime Minister of Sri Lanka and chairperson of the Movement of Non-Aligned Countries, spoke of disarmament in the following words:

> "General and complete disarmament has been a declared objective of the United Nations and of the international community for nearly three decades.
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> "Despite many initiatives taken by this Organization … the world has witnessed not even the semblance of disarmament but a race for supremacy in destructive power, based on the myth that peace can be preserved only by strident and single-minded preparations for war and the refinement and sophistication of its techniques. It is, indeed, a sad reflection on the moral and intellectual standards of the twentieth century and of its values and priorities that so much of the world's resources, which might have been devoted to the eradication of poverty, ignorance, disease and hunger, are being [wasted on] the production of monstrous weapons …
>
> "[We] do not accept the thesis that disarmament is the special preserve of Powers that

> possess the paraphernalia of war. Every nation and every individual has a right to peace, and just as peace is indivisible so is the responsibility for its preservation. Hence the call of the non-aligned nations for a special session of the General Assembly devoted to disarmament and agreement for a world conference." (*A/31/PV.11, paras. 37-39*)

At the recently concluded Non-Aligned Movement Summit, held in South Africa under the chairmanship of President Nelson Mandela, the Movement once again expressed its preoccupation with the issue of global nuclear disarmament. In the years ahead the clamour for disarmament among the great majority of nations will grow in volume. The Non-Aligned Movement has consistently called for the Geneva-based Conference on Disarmament to establish, as the highest priority, an ad hoc committee to commence negotiations on a programme for the complete elimination of nuclear weapons within a time-bound framework. In addition, there is also a proposal for a nuclear weapons convention. We have to address these challenges as we approach the new millennium. The longer we shirk our responsibility, the greater the danger that looms ahead.

Today I have the honour and privilege of addressing the Assembly as the newly appointed chairperson of the South Asian Association for Regional Cooperation (SAARC), which met in Colombo a few months ago. SAARC represents one fifth of humanity. South Asia is heir to a rich and complex plurality of cultural and religious traditions of great antiquity.

Like any other association of sovereign States, we have our share of problems. But I wish to convey my confident belief that our summit meetings last year and this year have marked a turning point in the life of our association. Our leaders are aware of the awesome obligations that we jointly owe to the hundreds of millions of people who inhabit our region. We are determined to put aside the political differences that bedevil relations among some of us, in a common and united effort to improve the quality of life of our peoples.

The message I bring from the Colombo Summit is that the prospects for enhanced economic, technological, social and scientific cooperation in our region are exceedingly bright. It is the will of our leaders, as vigorously manifested at the Colombo Summit. I am deeply indebted to my fellow Heads of State and Government for their invaluable advice and cooperation, and especially to the Prime Ministers of India and Pakistan for the magnificent spirit of friendship and understanding they showed for the collective regional interests and concerns.

SAARC too, like the Non-Aligned Movement, recognizes that the twin currents of globalization and liberalization which are swirling around us contain both the potential for prosperity as well as the seed of a dangerous new process of uneven development. It must be remembered that developing countries need special consideration in regard to the problems they face in globalizing their economies.

However, what is abundantly clear is that not a single State, not even the most powerful, can hope to remain immune from economic disease and contagion. Ripples have spread widely from the economic upheavals of East Asia and Russia. The maladies that spring from economic globalization require remedies which are global in scope, remedies which must take account of the ailments of all States and not be based solely on the prescriptions advanced by those who may seem to be secure.

United Nations bodies must play a critical role in all this, particularly by facilitating and fostering international cooperation for equitable development that could resist the economic contagion that now afflicts us. The international monetary mechanism has proved desperately inadequate in handling the recent crises. We now have to think in terms of a new financial architecture to obtain radical reforms of the international monetary system. This should aim at achieving a balance between the adjustments demanded as against available financing.

I wish to propose three areas of action that merit serious consideration: first, that a "lender of last resort" facility must be formulated to meet the problems of volatile capital movements; secondly, that effective international surveillance devices must be designed to anticipate problems before the demolition squads of speculators move in; and thirdly, that the resumption of the Special Drawing Rights of the International Monetary Fund (IMF) be a vital requirement of the proposed restructuring. The major voting Powers of the IMF, as well as the developing nations, will have to consider larger allocations than are now contemplated. In the meantime, we should beware of attempts to liberalize capital accounts before the modernization of national financial structures and the reforms of the international monetary system are in place.

A constructive dialogue between developed and developing countries must be pursued on the basis of mutual benefit and shared responsibilities. Closer consultation should be promoted between groups like the Group of 7, the G-77 and the G-15.

Institutions such as the World Trade Organization must live up to their declared aims and genuinely facilitate a transparent, rule-based trading system that would permit stable growth. The United Nations Conference on Trade and Development (UNCTAD) should not be neglected. It should be strengthened as the focal point in the United Nations family for the integrated consideration of issues of trade, finance, technology and investment.

More funds for development activity need to be diverted from the United Nations administrative budget. The United Nations Agenda for Development, which was launched with great expectations, seems to be losing momentum. Its implementation should not be delayed.

Development is not merely a matter of economic growth and financial enrichment, to be measured in statistics, which can sometimes be misleading and illusory. The totality of the human condition must be enhanced and improved. Our commitment and responsibility towards economic and social development should not be minimized and made secondary to other issues which, though important, do not touch on the well-being of humanity. It is a grievous indictment on us that the age-old problems of grinding poverty and starvation still exist in today's world. I appeal to the assembled nations not to allow ourselves to be beguiled or dazzled by the explosion of exciting new technologies, the seductive blandishments of global trade and high finance to the extent that the poor, the deprived, the desperate fall away from our agenda into the limbo of forgotten things. We must not forget that the least developed countries have special problems that cry out for attention. We must strive mightily, relentlessly, to banish these problems in the next century.

The G-77 has proposed that a third world summit be held in the year 2000 to mark the dawn of the new century. Sri Lanka supports the proposal as an opportunity for developing countries to chart their own agenda for development in the new era.

The countries of SAARC agreed at Colombo that to complement economic progress, a Social Charter should be drawn up for the benefit of our peoples in South Asia. This would focus on determining practical, basic norms in the areas of poverty eradication, the empowerment of women, the mobilization of youth, the promotion of health and nutrition, and the protection of children.

We must make a special effort to dissipate the effects of the discriminatory, social and psychological perceptions that affect the status of women. The SAARC heads of State or Government condemned violence against women as well as acts of discrimination and humiliation which further depress the dignity of women. There was particular concern over the plight of women and girl children caught in situations of armed conflict.

In Colombo, the SAARC States finalized the draft text of a regional convention on combating the crime of trafficking in women and children for prostitution, which will be signed at the next summit in Nepal. Within Sri Lanka, my Government has adopted a national plan of action based on the relevant conclusions of the Fourth World Conference on Women, held in Beijing, and on the specifics of our own national situation. The Constitution of Sri Lanka enshrines the fundamental right of equality between the sexes. We have ratified International Labour Organization (ILO) Conventions guaranteeing equal remuneration and other benefits to women. We have strengthened legal provisions against harassment and sexual abuse of women.

With regard to children, my Government has recently passed legislation to set up a National Child Protection Authority directly under my supervision. This Authority deals with such issues as child employment, the sexual exploitation of children, education, health and the plight of children trapped in armed conflict. We have formulated a "Children's Charter" and a National Plan of Action to provide for the safety and protection of our children. While we are conscious of the tragic incidence of child prostitution and pornography in our country, we have also traced the insidious international linkages which aggravate the problem further. We urge the international community to tighten laws and enforcement mechanisms to ensure that those responsible for such heinous crimes will not receive refuge anywhere.

A particularly cruel offence against the innocence of children is their forced recruitment by a terrorist group in Sri Lanka to serve as suicide killers in the name of a cause they are too young even to comprehend.

This is just one sordid aspect of the activities of a terrorist group known as the Tamil Tigers — or the LTTE. They seek to dismember Sri Lanka, with the objective of creating in our land a monoethnic and racist entity — an objective totally unacceptable to the overwhelming majority in the country and even to the very community whose cause the LTTE claims to represent.

We believe that ethnic grievances exist in Sri Lanka. I said so in my address to the nation at the fiftieth anniversary celebrations of our independence this year. I said that the golden jubilee of independence was an occasion for reflection, as well as the renewal of hopes and aspirations. It was an occasion to savour applause for our achievements and also to rue the consequences of failure. I said:

> "We must also with humility examine our failures. We have failed in the essential task of nation-building. We have meandered and faltered along that path, whilst among our neighbours in Asia and in many other countries, peoples of various racial, religious and linguistic communities live in harmony. The causes of this failure will be judged by history. Others will apportion and assign blame.
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> "Let us, those of us who have undertaken the responsibility to guide and govern the Nation, march towards the future in unison, putting behind us mean desires for petty personal or political gain. The Nation's need today is so great and urgent that it permits space only for largesse of heart and mind, which will supersede in the national interest all that is irrelevant and small."

My Government is firmly committed to redressing ethnic grievances peacefully through political discussion. We have presented a comprehensive proposal for addressing the ethnic grievances through a wide devolution of political power. The vast majority of our people, of all communities, have welcomed these proposals. Only the LTTE chooses to prowl the path of violence, resorting to terror to achieve goals which it alone espouses. However, we have kept the doors open to the LTTE to join other Sri Lankans in negotiating a settlement of all outstanding ethnic issues if it eschews terrorism and its bloody call for a separate State.

The LTTE claims to be a "liberation organization" while it murders hundreds upon hundreds of the Tamil people it claims to liberate when they disagree with the LTTE's terror politics. Several Tamil leaders of democratic political parties, including members of parliament and two mayors, as well as Tamil human rights activists, have been brutally murdered by the LTTE. Its claim to be a "liberation organization" is negated by its unilateral resort to violence and its constant refusal to put its claims to the true test — that of participating in an open, democratic, peaceful process of consultation with the people.

By contrast, in Palestine, Chairman Arafat pursues what he calls "the peace of the brave", confident not only of the justice of his cause, but also of the strength of support freely given by the Palestinian people to achieve their inalienable right in Palestine. During the SAARC summit, we expressed growing concern at numerous setbacks affecting the peace process in the Middle East, including illegal attempts to change the jurisdiction and the borders of Jerusalem.

Over the past few years the Government of Sri Lanka has in various international forums strongly advocated the need for collective international action in order to overcome the scourge of terrorism. Our reasoning has been that a group like the ruthless LTTE, which continues to frustrate every effort at finding a negotiated political settlement to our ethnic problem, has found sustenance in the liberal asylum policies that prevail in some countries. This group, which recruits children as young as 10 years, indiscriminately targets innocent civilians, assassinates the elected representatives of the people, including Tamil political and human rights leaders, destroys places of religious worship and assassinates foreign heads of Government on their soil, is permitted to operate freely in many countries. It maintains an international network which engages in fund-raising, narcotics trafficking, trade in illicit arms, the smuggling of illegal immigrants and, in more recent times, maritime and cyber-terrorism.

Addressing the United Nations fiftieth anniversary celebrations in New York three years ago, I observed:

> "Concerted international action is essential to combat terrorism and to compel the terrorists to renounce violence and enter the democratic process. Unfortunately, effective action to that end has been frustrated through sterile philosophical debate about the nature of terrorism." (*A/50/PV.35, p. 9*)

I am happy to note that since then significant measures have been taken. The adoption of the United Nations International Convention for the Suppression of Terrorist Bombings earlier this year has been a considerable moral victory for the international community in its fight against terrorism. Sri Lanka is hopeful that all States will speedily take steps to implement the necessary domestic legislation, aimed at giving effect to the commitments made in the Convention, to ensure that terrorists are neither provided safe haven nor permitted to raise funds within the borders of one State to sustain terrorist activities in another State.

While we enact legislation, we must also be eternally vigilant to ensure that terrorists do not find loopholes in our laws to circumvent the emerging international consensus against terrorism. We are particularly conscious of the capacity of terrorist groups to resort to the strategy of using front organizations for raising funds which end up in the LTTE war chest to contribute towards murdering and brutalizing our people. Moral and legal sanctions against terrorists are not enough. Laws must be effectively implemented. Only by such concerted action shall we be able to ensure that terrorists are compelled to renounce violence and enter the democratic process.

Here I would like to thank India and the United States of America, in particular, for having recognized and declared the LTTE to be the terrorist organization that it is, as well as for encouraging my Government to settle this problem by political means. I would like to add here that this is an internal problem that Sri Lanka is fully able and ready to resolve, with the full support of its peoples. We will not tolerate any outside interference, while we appreciate all the support given us by our friends abroad in resolving this conflict.

If at this stage I mention Mrs. Aung San Suu Kyi of Myanmar it is because I am personally aware of the loneliness, the anguish, the difficulties and dangers that a woman leader faces in political life. The people of Sri Lanka and the people of Myanmar and their Governments have been friends over many centuries. Our peoples share an invaluable heritage — the timeless message of the Buddha, the enlightened one who taught the world the meaning of compassion, tolerance and understanding. This message moves me to express the hope that political issues in Myanmar may be approached in a spirit of conciliation and tolerance.

In all this, a catalytic role can and must be played by the United Nations system. The United Nations has passed its half-century mark. The Secretary-General has described the United Nations as "a noble experiment in human cooperation". Last year was designated the year of United Nations reform, and we are happy that a major portion of the reforms introduced have been implemented. Some others require further study.

We are aware of the financial crisis the United Nations is facing due to the default of certain Member States in paying their contributions. We urge them to pay their dues fully, without conditions and on time.

We are disappointed that agreement has not been reached over the reconstitution of the Security Council to reflect better the generality of United Nations membership. The Council should be more representative, and its deliberations more transparent and democratic, thus responding to the concerns of all and shedding its image, not entirely inaccurate, of largely serving the interests of the major Powers.

In the closing years of the present millennium, the world is a far more complex place than it was when the United Nations Charter was adopted. The range and ramifications of the issues with which the Organization must contend have dramatically increased. Change in the orientation of the United Nations must keep pace with new realities. The Secretary-General's Programme for Reform is a step in the right direction. Yet nothing will contribute more to the success of the United Nations than the extent of Member States' commitment to the Organization's decisions. The credibility and strength of those decisions will itself depend on the transparency of the decision-making process and on how closely Member States identify with those decisions. If the United Nations is to continue on its voyage into the twenty-first century with renewed vigour, to achieve its objectives of peace, security, economic development and social reform, all its Members must be empowered to participate meaningfully and at every level of the decision-making process.

To this end, two important reforms must be placed on our agenda. First, the enlargement of the Security Council so that it will more fully represent two thirds of the world populace is an indispensable requirement. The developing nations and the regions of the world in which they predominate must have permanent representation on the Security Council.

Secondly, the crucial role of the General Assembly in the decision-making process of the United Nations must be recognized and guaranteed. The United Nations General Assembly is the supreme parliament of mankind.

Today the era of the cold war is over. Economic globalization is breaking down national boundaries to an extent that would have been unimaginable a few decades ago. The world is truly on the threshold of a new order which surely cannot be driven any more by the narrow national concerns that have paralysed the imagination of mankind for so long. Never before in human history have we been presented with the stupendous possibilities that surround us today of breaking the mundane bonds that bind us to banality and triviality. When the unconquered, unconquerable spirit of mankind is allowed to soar to its full potential we will achieve a world in which truth and justice prevail, a world which we can proudly bequeath to the unborn generations of our peoples.

Prime Minister S. W. R. D. Bandaranaike, my late father, addressing this Assembly at its eleventh session, in 1956, spoke as follows:

> "In an Organization such as this, the service that a country can render ... is not to be measured alone by the size of that country, its population, its power or its strength. This is an Organization which expresses itself most effectively by bringing to bear a certain moral force — the collective moral force and decency of human beings. That is a task in which the weak as well as the strong can render a useful service, and I give the Assembly the assurance, on behalf of my country, that as far as we are concerned, every endeavour that we can make in all sincerity to assist in the achievements of those noble ideals for which this Organization stands will always be forthcoming in the fullest measure." *(A/PV.590, para. 42)*

Addressing this Assembly 42 years later, I make bold to say that Sri Lanka remains a loyal and dedicated Member of this Organization. We have made a contribution to the quality of its deliberations and to the implementation of its programmes. We are deeply committed to the principles of the Charter. We believe in the United Nations. We want it to be a strong, principled and effective body, the common inheritance of all mankind, not the preserve of a few wealthy and powerful States, but the guardian of all, especially the poor, the weak and the defenceless.

The President (*interpretation from Spanish*): On behalf of the General Assembly I wish to thank the President of the Democratic Socialist Republic of Sri Lanka for the statement she has just made.

Mrs. Chandrika Bandaranaike Kumaratunga, President of the Democratic Socialist Republic of Sri Lanka, was escorted from the General Assembly Hall.

Agenda item 9 *(continued)*

General debate

Address by Mr. Tony Blair, Prime Minister of the United Kingdom of Great Britain and Northern Ireland

The President (*interpretation from Spanish*): The Assembly will now hear an address by the Prime Minister of the United Kingdom of Great Britain and Northern Ireland.

Mr. Tony Blair, Prime Minister of the United Kingdom of Great Britain and Northern Ireland, was escorted to the rostrum.

The President (*interpretation from Spanish*): I have great pleasure in welcoming the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, His Excellency The Right Honourable Tony Blair, and inviting him to address the General Assembly.

Mr. Blair (*United Kingdom*): Today's world offers one clear lesson: to survive and prosper, we have to work together better. That much is clear.

We share a global environment. We depend on each other for development and prosperity. Regional conflicts affect us all. Our peoples suffer together under the shadows of drugs and terrorism.

We can no longer separate what we want to achieve within our own borders from what we face across our borders. Rapid change of the sort we have seen recently can inspire fear. But we must face and conquer that fear together.

And if our finance, our trade, media, communications and even our culture are, day by day, more and more transnational, it would be strange and potentially dangerous if our politics remained locked in the old compartments built just after the Second World War. If the challenge is international, then the response must be international too. We must launch a new era of international partnership in which we modernize those institutions that allow us to cooperate and to work together.

The United Nations has a real record of achievement. That is true. But it is true also that it has had its failures. It has stood by or intervened ineffectively when brutality was abroad. It has sometimes delivered words when action was needed.

But the United Nations is no more than its Member States. Its failures are our failures. The values of the United Nations Charter are as valid now as when they were written. But we have to find new ways of applying them.

So I believe in the United Nations, but I also believe it must modernize, and do so urgently. All parts of the United Nations need proper accountability to go with secure funding, better management and more effective coordination in all their activities.

Our Secretary-General has given us a lead. But it is now up to us, the Member States, to give him our full support. We must not allow reform in the United Nations to falter.

And let me emphasize today that we need to strengthen too the authority of the Security Council. This means broadening its composition: new permanent seats — for the developing world as well as for Germany and Japan. More non-permanent seats alone would be an unacceptable compromise. We have been talking about this now for five years. It is time for decisions.

We face many challenges, but none more immediate than the contagion of recession spreading from those countries currently in difficulty to affect the wider world economy. The solutions do not lie in misguided attempts to impose new panoplies of controls on international capital movements, or in a retreat from open trade. Rather, we must all recognize that the absence of proper financial structures and disciplines in individual countries, coupled with a lack of transparency, will be punished by the markets sooner or later.

However, we can act. We can devise new mechanisms to support a process of change: rules to encourage greater transparency in international and national financial dealings; better supervision and regulation of financial operators; adequate resources for the international financial institutions to deal with short-term liquidity problems; structural reform programmes for countries in difficulty, programmes that take account of the social effects of the restructuring we are asking for.

The only way to tackle such complex problems is a new, high-level, international collaborative effort. Global problems will require global solutions. As Chairman of the G-8, Britain will play our full part in ensuring the necessary look at the international financial architecture and how it can be improved for a new age. This is a priority, I believe, for us all.

However, we know that, unlike in the 1950s, this cannot be left simply to a few developed countries. Getting the financial framework right is only a start. We must create the conditions for sustainable development in all our countries.

The international community has set itself exacting targets. Most important is the target to halve the proportion of people living in abject poverty by the year 2015. Our own development effort is now geared to the eradication of poverty. I told last year's special session that we would reverse the decline in our development assistance. Recently we have announced that we are raising our development budget by £1.6 billion, and our support for health, education and water projects in Africa by 50 per cent. We have helped pay for the World Health Organization's campaign to roll back malaria. We are trying to put our money where our mouth is.

Of course, however, these development programmes only work if the conditions are right, and too much money has been wasted over the years. That is again why the work the United Nations is doing to create strong development partnerships is so important and must be given our full backing. I call today on all parts of the United Nations system, including the Bretton Woods institutions and the World Trade Organization, to give top priority to effective coordination of their development efforts. The poor of this world will otherwise be the losers.

If we want to eradicate poverty, we also need to ensure that the least developed countries benefit from this global economy. That means, for example, letting them sell their goods without imposing tariffs on them. It means actively helping them benefit from globalization. And it means rejecting any false allure of protectionism.

The European Union is committed to zero tariffs for these countries by the year 2000. And I would urge all developed countries to follow suit.

We also have to ease the debt burden on the poorest countries. Britain has proposed the Mauritius Mandate to speed up assistance for those in the debt trap who are genuinely ready to help themselves out of it. By the year 2000 all qualifying highly indebted countries should have embarked on a systematic process of debt reduction, with the aim of a permanent exit from their debt problems. But we need to make sure it happens. Again, a huge collaborative effort between the countries represented here today will be needed.

Development must not be at the expense of the environment. We all know this. But, again, this is a challenge to us. The success of Kyoto was a close-run thing. Buenos Aires will be hard work, but it has to work. Countries with the biggest emissions must come forward quickly with credible plans to meet their Kyoto commitments. We in Britain will shortly publish a consultation paper on how we will meet our obligations. And I hope that others will come forward and do the same.

The world has high expectations of the United Nations as the guardian of global peace and security. The United Nations should not get involved if regional organizations are better able to tackle a local conflict. But sometimes we must demonstrate collective global will. And if we act, we must act decisively. Clear principles must be our guiding hand. Let me set some out briefly.

First, prevention is always better than cure. The resources spent on averting conflict are tiny compared to the expense of peacekeeping once the guns start to fire. The United Nations is building up its capacity in this area, but it needs more support — and again Britain pledges to play its part.

Secondly, where we do have to send in the Blue Helmets, they should be given a clear and achievable task. There must be no repeat of Bosnia, where peacekeepers were inserted into a live conflict and told to make safe areas safe. But they were not given the means to do so.

United Nations peacekeepers need a way out as well as a way in. They must have the tools to do the job, and clear and effective command.

Thirdly, the United Nations needs to be able to act and respond fast. Fast action can prevent a conflict escalating, underpin a fragile truce, save lives. Again, we in Britain are trying to play our part. The reshaping of Britain's armed forces following our Strategic Defence Review is transforming our ability to contribute to peacekeeping and humanitarian operations: more and better equipped rapid-reaction forces, additional strategic lift and better logistics capability.

I can announce today that within six months we will conclude a specific agreement with the United Nations to ensure that it can make rapid use of what we have to offer when it is needed — the first such agreement by a permanent member.

Fourthly, peacekeeping has to be accompanied from the start by peace-building, to restore justice, democratic institutions, prosperity and human rights. The Security Council has to deal with the symptoms of conflict, not simply with its causes. It needs to work with the rest of the United Nations, the World Bank and the International Monetary Fund if it is to have lasting impact. Again, I will be asking the Secretary-General to put to us new proposals dealing with the consequences and the causes of conflict to make this a reality.

Too many of those conflicts sill abound. There are few higher priorities than restoring peace to the Great Lakes region. The Middle East peace process remains an apparent deadlock. We have managed to make progress in Northern Ireland, and the support of the world community in our doing so has given us great strength and courage to carry on. We owe a debt of gratitude for that support, and I hope that the world will continue it. I believe now is the time for a further move forward in the Middle East, too. Again, we in Britain are ready to play our part in bringing this about.

I want to focus, however, on one other area of urgent concern: Kosovo. It almost defies belief that, yet again, the security forces of President Milosević are ignoring the clear will of the international community and inflicting brutality and repression on those they claim to see as fellow citizens. Of course, we recognize that the unacceptable actions of the so-called Kosovo Liberation Army have contributed to the present appalling situation. But nothing can justify scorched-earth tactics and forcible creation of hundreds of thousands of refugees.

We have some clear responsibilities in this situation as an international community. First, we must make it clear that our patience with broken promises — phoney assurances that are not honoured — is exhausted. Continuation of military repression will inevitably lead to a new kind of response. Secondly, we must impress on both sides the need to negotiate, with a realistic appreciation of what is possible, and point the way to a mutually acceptable solution. Thirdly, we must make it clear that we have to meet the immediate humanitarian needs of the refugees in Kosovo and prevent, by any means necessary, the humanitarian disaster which we can see just over the horizon as winter approaches.

We propose a new Security Council resolution calling for an immediate ceasefire and demanding an urgent end to the trampling of the rights of the inhabitants of Kosovo. It should be adopted this week, and President Milosević would ignore such a resolution at his peril.

The international community faces another serious challenge in Iraq. The Security Council is unanimous in insisting that Iraq resume cooperation with the United Nations, and Kofi Annan courageously reached an important agreement with the Iraqi leadership about the United Nations Special Commission earlier this year. Again, this agreement has to be honoured, and we will play our part in ensuring that it is.

Finally, we face two global scourges which can undermine our institutions and, indeed, our way of life: drugs and terrorism. We all know the growing links between drugs and crime and instability in so many countries. The insidiously corrupting effect drugs have on all who come near them — growers, smugglers, pushers and users alike. We have, as we know, to tackle every link of the drugs chain, but we are in danger of losing sight of the size of the mountain we have to climb. If we are honest with ourselves, this is a war that we are risking losing, but we must win. Britain, again, is spending a further £200 million at the national level on our priorities, but our collective efforts need a much stronger focus.

We are not short of organizations looking at this problem; indeed, there may well be too many. But we are desperately short of results: cutting supply lines, eliminating illicit crop cultivation and stopping the profits of the drug dealers. We have a new instrument, the convention against organized crime. Too many countries still provide sanctuary for the proceeds of crime. We must demand together that those countries root out the traffickers and their dirty money — hit the drug barons where it hurts. The convention will provide practical means to achieve this, but the negotiations are dragging. Let us set ourselves the task of completing them by the millennium, at the latest.

The fight against terrorism has also taken on a new urgency. The past year's global roll-call of terror includes Luxor, Dar-es-Salaam, Nairobi, Omagh and many others. Each one is a reminder that terrorism is a uniquely barbaric and cowardly crime. Each one is a reminder that terrorists are no respecters of borders. Each one is a reminder that terrorism should have no hiding place and no opportunity to raise funds, and that there should be no let-up in our determination to bring its perpetrators justice. This applies to the new phenomenon of stateless terrorism as much as to its more familiar forms.

As a start, it is surely vital that all countries sign up to the 11 international conventions to ensure that terrorists have no safe haven. We have ourselves, again, in Britain, just passed new legislation to ensure we can tackle terrorist conspiracies aimed at third countries. But we must go further. We can hope to defeat terrorism only if we all devote ourselves to doing so. So I welcome the recent initiative by the President of France to tackle fund-raising for terrorism on an international basis. As Chairman of the G-8, I again offer today to host a high-level conference in London this autumn to deny the terrorists this means of support. Effective new measures on an agreed international basis could make a real difference.

I have covered many points in my speech to the Assembly, but my main point is really a very simple one. We face multiple new challenges as we approach the new century. Our only hope, as we all know, of tackling these challenges successfully is tackling them together. We need effective international cooperation and modern institutions to deal with our political problems and our economic problems. We need the United Nations system pulling together as never before. We need to revitalize and modernize our international institutions to deal with the crisis in the global economy. But, above all, we need political will and a sense of urgency. The problems of our modern world are too pressing, their consequences too immediate, their impact too far-reaching for us to hesitate or to look away any longer. We are being given a warning to act, to give purpose and direction in resolving these challenges we face together, or pay the price. And the time to do it — to respond to that warning — is now.

The President (*interpretation from Spanish*): On behalf of the General Assembly, I wish to thank the Prime Minister of the United Kingdom of Great Britain and Northern Ireland for the statement he has just made.

The Right Honourable Tony Blair, MP, Prime Minister of the United Kingdom of Great Britain and Northern Ireland, was escorted from the rostrum.

The meeting rose at 1.50 p.m.